



BNZ Term PIE

Financial Statements
For the year ended 31 March 2025

Directory

The Manager

BNZ Investment Services Limited
Level 16
171 Featherston Street
Wellington 6011
New Zealand

Telephone: 0800 275 269

BNZ Investment Services Limited is the Manager
and Issuer of the BNZ Term PIE.

Directors of BNZ Investment Services Limited as at 15 July 2025:

Richard Graham Ansell
Andrew John Bascand
Murray Mcleod Brown
Emma Jane Dobson
Nichola Jane Hiatt
Christopher George Wilson

The Supervisor

The New Zealand Guardian Trust Company Limited
Level 6
191 Queen Street
PO Box 1934
Auckland 1015

Auditor

PricewaterhouseCoopers
PwC Centre
10 Waterloo Quay
Pipitea
Wellington 6011

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Statement of Comprehensive Income

For the year ended 31 March 2025

| | Notes | 2025 \$'000 | 2024 \$'000 |
|--|-------|------------------|----------------|
| Income | | | |
| Interest income on financial assets at amortised cost | 6.2 | 151,718 | 82,683 |
| Total income | | 151,718 | 82,683 |
| Interest expense – Distributions to Scheme Participants | | (151,718) | (82,683) |
| Net profit attributable to Scheme Participants | | - | - |
| Total comprehensive income for the year attributable to Scheme Participants | | - | - |

The accounting policies and notes form part of, and should be read in conjunction with, these Financial Statements.

Statement of Changes in Net Assets Attributable to Scheme Participants

For the year ended 31 March 2025

| | 2025 \$'000 | 2024 (Restated)* \$'000 |
|--|------------------|-------------------------------|
| Net assets attributable to Scheme Participants at the beginning of the year | 1,908,084 | 1,089,269 |
| Interest earned by Scheme Participants | 151,718 | 82,683 |
| Proceeds from units issued | 4,374,466 | 2,373,653 |
| Redemption of units | (3,222,899) | (1,540,858) |
| Distributions to Scheme Participants | (138,521) | (74,913) |
| PIE tax deductions on behalf of Scheme Participants | (41,058) | (21,750) |
| Net increase from transactions in units | 1,123,706 | 818,815 |
| Total comprehensive income for the year attributable to Scheme Participants | - | - |
| Net assets attributable to Scheme Participants at the end of the year | 3,031,790 | 1,908,084 |

The Scheme's units are classified as a liability under New Zealand Equivalents to International Accounting Standards ("NZ IAS") 32 Financial Instruments: Presentation. As such the Scheme has no equity and no items of changes in equity are presented.

| | 2025 Units '000 | 2024 Units '000 |
|--|--------------------|--------------------|
| Units on issue at the beginning of the year | 1,906,832 | 1,089,134 |
| Units issued | 4,374,466 | 2,373,653 |
| Units redeemed | (3,249,939) | (1,555,955) |
| Units on issue at the end of the year | 3,031,359 | 1,906,832 |

* Comparatives have been restated; see Note 2.1(d) for further details.

The accounting policies and notes form part of, and should be read in conjunction with, these Financial Statements.

Statement of Financial Position

As at 31 March 2025

| | Notes | 2025 \$'000 | 2024 (Restated)* \$'000 |
|---|-------|------------------|-------------------------------|
| Assets | | | |
| Interest-bearing deposit with BNZ | 6.2 | 3,031,359 | 1,906,832 |
| Accrued interest | | 431 | 1,252 |
| Total assets | | 3,031,790 | 1,908,084 |
| Net assets attributable to Scheme Participants | 2.3 | 3,031,790 | 1,908,084 |

* Comparatives have been restated; see Note 2.1(d) for further details.

The accounting policies and notes form part of, and should be read in conjunction with, these Financial Statements.

The Directors of BNZ Investment Services Limited authorised these Financial Statements for issue on 15 July 2025.

For and on behalf of the Manager



Director

Graham Ansell



Director

Andrew Bascand

Statement of Cash Flows

For the year ended 31 March 2025

| | Notes | 2025 \$'000 | 2024 (Restated)* \$'000 |
|---|-------|------------------|-------------------------------|
| Cash flows from operating activities | | | |
| Interest income received | | 152,539 | 81,566 |
| Net movement in interest-bearing deposit with BNZ | | (1,124,527) | (817,698) |
| Net cash flows from operating activities | 7 | (971,988) | (736,132) |
| Cash flows from financing activities | | | |
| Proceeds from units issued | | 3,080,323 | 1,580,333 |
| Redemptions of units | | (2,028,705) | (804,037) |
| Distributions to Scheme Participants | | (38,572) | (18,414) |
| PIE tax deductions on behalf of Scheme Participants | | (41,058) | (21,750) |
| Net cash inflows from financing activities | | 971,988 | 736,132 |
| Net increase in cash and cash equivalents | | - | - |
| Cash and cash equivalents at the beginning of the year | | - | - |
| Cash and cash equivalents at the end of the year | | - | - |

* Comparatives have been restated; see Note 2.1(d) for further details.

The accounting policies and notes form part of, and should be read in conjunction with, these Financial Statements.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March 2025

1. General information

1.1 Reporting entity

The reporting entity included in the Financial Statements is the BNZ Term PIE (the “Scheme”).

The Scheme is a managed investment scheme registered in New Zealand under the Financial Markets Conduct Act 2013 (“FMCA”). The Scheme was established and commenced operations on 23 September 2010.

BNZ Investment Services Limited (“BNZISL”) is the Manager of the Scheme (the “Manager”). BNZISL is a wholly-owned subsidiary of Harbour Asset Management Limited (“Harbour”) and part of a group of investment and advisory businesses ultimately owned by FirstCape Group Limited (“FirstCape”). FirstCape is jointly owned by National Australia Bank Limited (“NAB”), Jarden Wealth and Asset Management Holdings Limited (“Jarden”) and funds managed by Pacific Equity Partners (“PEP”). NAB is a registered bank in Australia and is the parent company of Bank of New Zealand (“BNZ”).

The Manager was sold by BNZ to the FirstCape on 30 April 2024.

The registered office of the Manager is Level 16, 171 Featherston Street, Wellington 6011.

The Supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (the “Supervisor”). The registered office of the Supervisor is Level 6, 191 Queen Street, Auckland 1010. The Supervisor is responsible for supervising the performance of the Manager and for the custody of the Scheme’s assets.

The Scheme will terminate on the earlier of the date appointed by the Manager (after giving no less than three months’ written notice) to the Supervisor and the Scheme Participants, or the date determined by an Extraordinary Resolution of Scheme Participants, or determined in the Governing Document or by operation of law.

The Scheme’s objective is to provide an investment similar to BNZ term deposits in a structure that may be more tax efficient for an investor. The Scheme’s strategy is to invest the assets into a New Zealand dollar interest-bearing deposit with BNZ. The Scheme’s investment activities are managed by the Manager and administration is delegated to Apex Investment Administration (NZ) Limited (“Apex”) and BNZ.

1.2 Statutory base

The Scheme is subject to the terms of the BNZ Term PIE Government Document (the “Governing Document”) and the FMCA.

2. Summary of material accounting policy information

2.1 Basis of preparation

The material accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the reporting periods presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and the requirements of the FMCA and other relevant legislative requirements as appropriate for For-profit entities. The Scheme is a Tier 1 entity and the Financial Statements comply with New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”), International Financial Reporting Standards Accounting Standards (“IFRS Accounting Standards”), other New Zealand accounting standards and authoritative notices as appropriate for For-profit entities.

These Financial Statements have been prepared under the historical cost convention.

(a) Presentation

The Statement of Financial Position has been prepared using the liquidity format of presentation. All amounts are presented in New Zealand dollars, which is the Scheme’s functional and presentation currency, rounded to the nearest \$’000, unless otherwise stated.

(b) New standards and amendments

Disclosure of Fees for Audit Firms’ Services – Amendments to FRS-44

Effective for annual periods beginning on or after 1 January 2024, the amendments to FRS-44 requires entities to disclose fees incurred for services provided by their audit or review firm. These amendments aim to enhance the transparency and consistency of fee disclosures. The amendments have been applied to the Financial Statements of the Scheme, and the fees have been disclosed in Note 6.4.

Other than the above mentioned amendment there are no standards, amendments to standards or interpretations that are effective for the year commencing on 1 April 2024 that have a material effect on the Financial Statements of the Scheme.

(c) Standards not yet effective and not early adopted

NZ IFRS 18 Presentation and Disclosure in Financial Statements

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. The Scheme has not early adopted this standard 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 April 2024 that have not been early adopted in preparing these Financial Statements. None of these new standards or amendments are expected to have a material effect on the Financial Statements of the Scheme.

Notes to and Forming Part of the Financial Statements continued

2. Summary of material accounting policy information continued

2.1 Basis of preparation continued

(d) Restatements of comparatives

1. In the prior year, the interest-bearing deposit (\$1,906,832k) with BNZ was incorrectly classified as cash and cash equivalents even though it did not meet the definition of cash and cash equivalents according to NZ IAS 7 Statement of Cash Flows.
2. In the prior year's Statement of Changes in Net Assets Attributable to Scheme Participants and Statement of Cash Flows, the cash distributions (\$25,067k) were incorrectly grossed up in the "Proceeds from units issued" and "Redemption of units"; PIE tax paid on behalf of the Scheme Participants on distributions (\$6,653k) and redemptions (\$6,083k) were not presented in "PIE tax deductions on behalf of Scheme Participants"; reinvested deposits (\$736,821k) and reinvested distributions (\$56,499k) were not classified and presented as non-cash transactions.
3. In the prior year's Statement of Financial Position, "Distributions payable" (\$1,252k) was incorrectly excluded from "Net assets attributable to Scheme Participants".

To correct these errors, comparative amounts in the Financial Statements have been restated as follows:

| Statement of Changes in Net Assets Attributable to Scheme Participants | Correction amount \$'000 | For the year ended 31 March 2024 | |
|--|--------------------------------|-------------------------------------|--------------------|
| | | Reported \$'000 | Restated \$'000 |
| Interest earned by Scheme Participants | 82,683 | - | 82,683 |
| Proceeds from units issued | (25,067) | 2,398,720 | 2,373,653 |
| Redemption of units | 31,150 | (1,572,008) | (1,540,858) |
| Distributions to Scheme Participants | (74,913) | - | (74,913) |
| PIE tax deductions on behalf of Scheme Participants | (12,736) | (9,014) | (21,750) |
| Net increase from transactions in units | 1,117 | 817,698 | 818,815 |

| Statement of Financial Position | Correction amount \$'000 | As at 31 March 2024 | |
|---|--------------------------------|---------------------|--------------------|
| | | Reported \$'000 | Restated \$'000 |
| Cash and cash equivalents | (1,906,832) | 1,906,832 | - |
| Interest-bearing deposit with BNZ | 1,906,832 | - | 1,906,832 |
| Distributions payable | (1,252) | 1,252 | - |
| Net assets attributable to Scheme Participants | 1,252 | 1,906,832 | 1,908,084 |

| Statement of Cash Flows | Correction amount \$'000 | For the year ended 31 March 2024 | |
|---|--------------------------------|-------------------------------------|--------------------|
| | | Reported \$'000 | Restated \$'000 |
| Net movement in interest-bearing deposit with BNZ | (817,698) | - | (817,698) |
| Net cash flows from operating activities | (817,698) | 81,566 | (736,132) |
| Proceeds from units issued | (818,387) | 2,398,720 | 1,580,333 |
| Redemptions of units | 776,985 | (1,581,022) | (804,037) |
| Distributions to Scheme Participants | 63,152 | (81,566) | (18,414) |
| PIE tax deductions on behalf of Scheme Participants | (21,750) | - | (21,750) |
| Net increase in cash and cash equivalents | (817,698) | 817,698 | - |
| Cash and cash equivalents at the beginning of the year | (1,089,134) | 1,089,134 | - |
| Cash and cash equivalents at the end of the year | (1,906,832) | 1,906,832 | - |

Other note disclosures amended for the restatement above includes the following:

Note 7. Reconciliation of total income to net cash flows from operating activities.

(e) Reporting periods and comparatives

The Scheme's Financial Statements are for the year ended 31 March 2025. The comparative figures are for the year ended 31 March 2024.

Notes to and Forming Part of the Financial Statements continued

2. Summary of significant accounting policies continued

2.2 Financial instruments

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss: (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset provide risk on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All financial instruments of the Scheme are measured at amortised cost. Financial assets at amortised costs consist of:

- (a) **Interest-bearing deposit with BNZ** denominated in New Zealand dollars.
- (b) **Receivables** include amounts due for interest.

Financial liabilities at amortised cost consist of:

- (a) **Payables** include distributions payable.

The Scheme recognises financial assets and liabilities at amortised cost on the date that it becomes party to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs directly attributable to their acquisition or issue. Subsequent to initial recognition, all financial assets and financial liabilities at amortised cost are measured at amortised cost using the effective interest method, less any impairment for financial assets. Any impairment charge is recognised in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or the Scheme has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or has expired.

As at the reporting date, the carrying amount of the Scheme's financial assets and financial liabilities approximated their fair value.

2.3 Net assets attributable to Scheme Participants

Net assets attributable to Scheme Participants are measured at amortised cost and comprise units of \$1.00 each. The Scheme issues units that are redeemable at the Scheme Participants' option and do not have identical features due to units paying different rates of return and having different maturities. The Scheme also has an obligation to deliver cash upon maturity and redemption to Scheme Participants. Therefore, units are classified as financial liabilities in accordance with NZ IAS 32 Financial Instruments: Presentation.

The units are issued to the Scheme Participants at different interest rates and maturity dates. The units can be put back into the Scheme after the maturity date for cash, based on the redemption price. In exceptional circumstances the units may, at the Manager's discretion, be withdrawn early, i.e. before their maturity date. A break fee applies to any early redemption from the Scheme.

Interest earned by Scheme Participants are recognised as an interest expense in the Statement of Comprehensive Income and are paid to Scheme Participants in accordance with the BNZ Term PIE Governing Document.

Creditors of the Scheme rank ahead of Scheme Participants' claims in the event of the Scheme being wound up. Scheme Participants' claims rank equally with the claims of other Scheme Participants in proportion to the number of units held.

2.4 Investment income

Interest income

Interest income on financial assets at amortised cost is included as interest in the Statement of Comprehensive Income and accrues using the effective interest rate.

2.5 Income tax

The Scheme qualifies as, and has elected to be, a Portfolio Investment Entity ("PIE") for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Scheme Participants, and therefore, the Scheme has no income tax expense. Accordingly, no income tax expense is recognised in the Statement of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Scheme Participants' tax liabilities in the Statement of Changes in Net Assets Attributable to Scheme Participants.

The Manager attributes the taxable income of the Scheme to units in proportion to the rates of return attached to those units. The income attributed to each Scheme Participant is taxed at the Scheme Participant's "Prescribed Investor Rate" on redemptions and annually on or around 31 March each year.

2.6 Goods and services tax ("GST")

The Scheme is not registered for GST. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statement of Financial Position are stated inclusive of GST.

3. Significant accounting estimates and judgements

The Manager of the Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and are based on historical experience among other factors, but also include expectations of future events that are believed to be reasonable under the circumstances. The significant judgement made during the current year is that the interest-bearing deposit with BNZ does not meet the definition of cash and cash equivalents as it is not held to meet short-term cash needs of the Scheme and there is more than an insignificant risk of a change in value as a result of a break fee payable to BNZ for early withdrawals. There are no other areas that involve a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the Financial Statements.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management

4.1 Financial risk factors

The Scheme is exposed to interest rate risk, credit risk, and liquidity risk.

The Scheme's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Scheme is exposed and seeks to minimise potential adverse effects on the Scheme's financial performance for the creation of Scheme Participant's value.

All security investments present a risk of loss of capital. The Scheme holds financial assets where the maximum loss of capital is limited to the carrying value of those positions.

The Manager is responsible for identifying and managing the Scheme's risks. In addition, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor.

The Manager uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

4.2 Interest rate risk

Cash flow interest rate risk

Cash flow interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on future cash flows.

The Scheme invests solely in a New Zealand dollar, interest-bearing deposit with BNZ. BNZ pays the Scheme interest on this deposit that matches the returns payable before-tax and expenses (if any), on all of the Scheme Participants' investments in the Scheme. The interest rates are fixed throughout the term; hence they do not bear any interest rate risk. Therefore, the Scheme is exposed to an insignificant level of interest rate risk, and sensitivity analysis is not presented in these Financial Statements.

4.3 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of an obligation to the Scheme. The Scheme is primarily exposed to credit risk through their investment activities. The Scheme invests exclusively in an interest-bearing deposit with BNZ on which the maximum credit risk is considered to be the carrying value.

For the year ended 31 March 2025, BNZ has the following credit ratings applicable to its long-term senior unsecured obligations payable in New Zealand, in New Zealand dollars.

| Rating Agency | Current Credit Rating | Qualification |
|--|-----------------------|----------------|
| Fitch Australia Pty Limited | A+ | Outlook Stable |
| Moody's Investors Service Pty Limited | A1 | Outlook Stable |
| Standard & Poor's Global Ratings Pty Limited | AA- | Outlook Stable |

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default, and loss given default. The Manager considers both historical analysis and forward-looking information in determining any expected credit loss. The Manager considers the probability of default to be close to zero as the instruments have a low risk of default and the counterparty has a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in these Financial Statements based on expected credit losses as any such impairment would be wholly insignificant to the Scheme.

Notes to and Forming Part of the Financial Statements continued

4. Financial risk management continued

4.4 Liquidity risk

Liquidity risk is the risk that the Scheme 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.

The Scheme is exposed to the redemption of units at the agreed maturity dates and early permitted withdrawals. The Manager considers the Scheme's policy of investing solely in an interest-bearing deposit with BNZ, which can be readily accessed subject to a break fee, will allow the Scheme to meet its obligations as they become due.

Under the terms of the Governing Document, the Manager can suspend withdrawals from the Scheme if the Manager forms the opinion that it is not desirable or would be prejudicial to the interests of Scheme Participants for withdrawals to be made. As the Scheme invests exclusively in an interest-bearing deposit with BNZ, the Manager considers it unlikely that circumstances will arise which would require the Manager to suspend withdrawals from the Scheme.

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. The amounts are undiscounted principal and interest cash flows and may differ to the amounts reported on the Statement of Financial Position:

| As at 31 March | 2025 \$'000 | 2024 \$'000 |
|------------------------------|------------------|------------------|
| Financial liabilities | | |
| Less than 7 days | 89,222 | 42,778 |
| 7 days to 1 month | 302,875 | 143,273 |
| 1-3 months | 716,974 | 337,029 |
| 3-6 months | 828,567 | 553,832 |
| 6 months to 1 year | 815,318 | 639,521 |
| 1-2 years | 130,223 | 108,159 |
| 2-5 years | 242,161 | 154,649 |
| More than 5 years | 403 | - |
| | 3,125,743 | 1,979,241 |

5. Capital risk management

The Scheme's capital is represented by Net assets attributable to Scheme Participants. As a result of the ability to issue, repurchase, and resell units, the Net assets attributable to Scheme Participants can vary depending on demand for applications and redemptions. The Scheme's objectives when managing capital is to provide returns for Scheme Participants through investing in an interest-bearing deposit with BNZ.

The Scheme strives to invest the funds received from Scheme Participant applications in investments that meet the Scheme's objectives while maintaining sufficient liquidity to meet Scheme Participants' redemptions.

The Scheme does not have any externally imposed capital requirements. Units may be redeemed on any business day of the month, subject to receipt of the redemption request. Redemptions from the Scheme made before the contractual maturity date may be subject to break fees.

Neither the Supervisor, the Manager, BNZ, any members of their groups of companies nor any other person guarantees (either partially or fully) the capital value or performance of the Scheme.

Notes to and Forming Part of the Financial Statements continued

6. Related parties

6.1 General

Harbour, FirstCape, NAB, BNZ, Jarden and PEP are related parties of the Scheme.

As at 31 March 2025, the Manager held 10.00 units with a market value of \$10.00 in the Scheme (31 March 2024: 10.00 units; market value \$10.00) this represented the initial investment in the Scheme and reinvested income.

During the year ended 31 March 2025, the related parties of the Scheme include the Manager and the Directors of the Manager. For the period from 1 April 2024 to 29 April 2024, related parties also included the Directors of BNZ. For the period from 30 April 2024 to 31 March 2025, the related parties also include the following:

- (a) FirstCape and its controlled entities;
- (b) key management personnel of FirstCape and Harbour; and
- (c) NAB, Jarden and PEP and their controlled entities.

The New Zealand Guardian Trust Company Limited is the Supervisor of the Scheme. The Supervisor is considered a related party. Supervisory fees have been paid by the Manager on behalf of the Scheme. The tables below set out the supervisor fees incurred by the Funds and paid by the Manager on behalf of the Scheme:

| As at 31 March | 2025 \$'000 | 2024 \$'000 |
|-----------------|----------------|----------------|
| Supervisor fees | 180 | 114 |

The Scheme invests solely in an interest-bearing deposit with BNZ.

6.2 Related party investments

The value of investments held with related parties as at the reporting date were:

| As at 31 March | 2025 \$'000 | 2024 \$'000 |
|----------------|----------------|----------------|
| BNZ | 3,031,790 | 1,908,084 |

Out of the investments disclosed above, \$328,731 (2024: \$229,611) was non-current and \$2,702,628 (2024: \$1,677,221) was current.

The income from investments held with related parties during the reporting period was:

| For the year ended 31 March | 2025 \$'000 | 2024 \$'000 |
|-----------------------------|----------------|----------------|
| BNZ | 151,718 | 82,683 |

6.3 Key management personnel

Key management personnel of the Manager and parent entities of the Manager comprised the Directors of the Manager, the Directors of BNZ for the period from 1 April 2024 to 29 April 2024 and the Directors of FirstCape and Harbour for the period from 30 April 2024 to 31 March 2025. No compensation was paid by the Scheme for key management personnel services to the Manager during the year ended 31 March 2025 (Year ended 31 March 2024: Nil).

As at 31 March 2025, key management personnel had nil holdings in the Scheme (31 March 2024: 210,265 units, \$210,265 or 0.01% of total units on issue).

6.4 Other transactions with related parties

The Manager of the Funds has agreed to pay all audit fees on behalf of the Scheme.

The table below sets out the fees paid to the auditor of the Scheme, PricewaterhouseCoopers (31 March 2024: Ernst & Young). These fees were incurred and paid by the Manager on behalf of the Scheme:

| For the year ended 31 March | 2025 \$'000 | 2024 \$'000 |
|--|----------------|----------------|
| Audit of the Financial Statements | 33 | 24 |
| Audit or Review related services | | |
| Registry compliance assurance (Assurance engagement) | - | 3 |
| Procedures agreed with the Manager and the Supervisor (Agreed-upon Procedures engagement) | 7 | 17 |
| Total fees incurred for services provided by the audit firm – PricewaterhouseCoopers New Zealand (31 March 2024: Ernst & Young New Zealand) | 40 | 44 |

Notes to and Forming Part of the Financial Statements continued

7. Reconciliation of total income to net cash flows from operating activities

| For the year ended 31 March | 2025 \$'000 | 2024 (Restated)* \$'000 |
|---|------------------|-------------------------------|
| Total income | 151,718 | 82,683 |
| Decrease/(increase) in accrued interest | 821 | (1,117) |
| Net movement in interest-bearing deposit with BNZ | (1,124,527) | (817,698) |
| Net cash flows from operating activities | (971,988) | (736,132) |

* Comparatives (Net movement in interest-bearing deposit with BNZ and Net cash flows from operating activities) have been restated; see Note 2.1(d) for further details.

8. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 March 2025 (31 March 2024: Nil).

9. Events occurring after the reporting date

There are no significant events that have occurred since the reporting date which would have impacted either the financial position of the Scheme disclosed in the Statement of Financial Position as at 31 March 2025 or the financial results and cash flows of the Scheme for the reporting period ended on that date. There were no material events that occurred subsequent to the reporting date which require additional disclosure in these Financial Statements.



Independent auditor's report

To the scheme participants of BNZ Term PIE (the Scheme)

Our opinion

In our opinion, the accompanying financial statements of the Scheme present fairly, in all material respects, the financial position of the Scheme as at 31 March 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Scheme's financial statements comprise:

- the statement of financial position as at 31 March 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to scheme participants for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

In our capacity as auditor, our firm provides agreed-upon procedures services in respect of the Scheme for BNZ Investment Services Limited (the Manager). Subject to certain restrictions, partners and employees of our firm may invest in the Scheme on normal terms within the ordinary course of trading activities of the Scheme. The firm has no other relationship with, or interests in, the Manager in respect of the Scheme.

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 of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Description of the key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Classification and existence of the interest-bearing deposit with Bank of New Zealand (“BNZ”)</p> <p>Refer to note 2.1(d) to the financial statements for the restatement related to the classification of the interest-bearing deposit with BNZ.</p> <p>This is our first year as auditor of the Scheme. We have identified this as a key audit matter due to the significance of the balance and the judgements involved in assessing the classification of the interest-bearing deposit with BNZ to evaluate whether the deposit should be classified as cash and cash equivalent.</p> <p>It is concluded that the interest-bearing deposit with BNZ doesn’t meet the definition of cash and cash equivalent, and a restatement of the prior period error is required in the financial statements.</p> | <p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • read the governing documents and other significant contracts of the Scheme to obtain an understanding of the arrangement among the scheme participants, the Scheme and BNZ, particularly in relation to the early withdrawal of the deposit; • assessed the classification of the interest-bearing deposit against the definition of cash and cash equivalent according to NZ IAS 7 <i>Statement of Cash Flows</i>; • consulted with our technical accounting specialists; • obtained confirmation directly from BNZ of the balance of the interest-bearing deposit as at the reporting date; and • reviewed the disclosures of the restatement related to the classification of the interest-bearing deposit in the financial statements. |

Our audit approach

Overview

| | |
|--------------------------|--|
| Materiality | <p>Our overall materiality for the Scheme is calculated based on approximately 1% of net assets attributable to scheme participants.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Scheme is to provide the scheme participants with a total return on the Scheme’s net assets.</p> |
| Key audit matters | As reported above, we have one key audit matter, being classification and existence of the interest-bearing deposit with BNZ |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Scheme as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of the Scheme as a whole.



How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Scheme as a whole, taking into account the structure of the Scheme, the Scheme's investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Scheme. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to a third party service provider.

Other matter

The financial statements of the Scheme for the year ended 31 March 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 July 2024.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards and for such internal control as the Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Manager either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Who we report to

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

The engagement leader on the audit resulting in this independent auditor's report is Christopher Barber.

For and on behalf of:

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in a dark grey or black ink.

PricewaterhouseCoopers
15 July 2025

Wellington

0800 275 269

