
FISHER FUNDS PREMIUM SERVICE SCHEME

2022 **FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

Including the following Funds:

Fisher Funds Premium **New Zealand Fund**

Fisher Funds Premium **Australian Fund**

Fisher Funds Premium **International Fund**

Fisher Funds Premium **Property and Infrastructure Fund**

Fisher Funds Premium **Income Fund**

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**Fisher Funds Premium Service Scheme
For the year ended 31 March 2022**

Directory

Manager	Fisher Funds Management Limited
Registered Office	Level 1, Crown Centre 67-73 Hurstmere Road, Takapuna, Auckland, 0622
Investor and Advisor Enquiries	Private Bag 93 502 Takapuna, Auckland, 0740 Email: enquiries@fisherfunds.co.nz
Directors of the Manager	David Clarence Clarke (Chair) LLB Margaret Anne Blackburn BA, MA Edward Francis Sippel BA Guy Roper BBS, FCA Jennifer Clare Moxon BCom Michael Stuart Berk MBA Mark John Lazberger BCom, CFA
Licensed Supervisor	Trustees Executors Limited
Auditor	KPMG
Solicitors	Chapman Tripp

Fisher Funds Premium Service Scheme
As at 31 March 2022

Statements of Financial Position

Note	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Unit holders' funds	258,782	237,289	242,604	175,192	392,702	313,934	199,037	139,957	396,575	318,492
<i>Represented by:</i>										
Current assets										
Cash and cash equivalents	3,463	17,343	1,633	8,318	6,926	10,835	7,575	7,936	51,476	53,762
Investments at fair value through profit or loss	253,981	223,716	241,067	167,379	391,019	311,091	192,455	134,878	322,081	191,934
Bank deposits at amortised cost	-	-	-	-	-	-	-	-	6,759	80,007
Trade and other receivables	980	439	419	2,826	471	5,602	453	2,458	6,212	3,613
Other financial assets at amortised cost	-	-	-	-	-	-	-	-	8,672	-
PIE tax receivable on behalf of unit holders	1,024	1,402	-	1,117	-	-	-	-	2,934	-
Total current assets	259,448	242,900	243,119	179,640	398,416	327,528	200,483	145,272	398,134	329,316
Non-current assets										
Other financial assets at amortised cost	-	-	-	-	-	-	-	-	6,501	-
Total non-current assets	-	-	-	-	-	-	-	-	6,501	-
Total assets	259,448	242,900	243,119	179,640	398,416	327,528	200,483	145,272	404,635	329,316
<i>Less:</i>										
Current liabilities										
Investments at fair value through profit or loss	203	-	-	1,336	769	4,235	216	1,431	5,145	2,225
Trade and other payables	219	2,442	110	48	2,985	113	561	1,300	2,622	7,002
Related party payables	244	3,169	223	3,064	363	7,084	632	1,820	293	256
PIE tax payable on behalf of unit holders	-	-	182	-	1,597	2,162	37	764	-	1,341
Total liabilities	666	5,611	515	4,448	5,714	13,594	1,446	5,315	8,060	10,824
Net assets	258,782	237,289	242,604	175,192	392,702	313,934	199,037	139,957	396,575	318,492

These financial statements were authorised for issue by the Manager, Fisher Funds Management Limited:

Director 

Date 30/06/2022

Director 

Date 30/06/2022

The accompanying notes form an integral part of these financial statements.

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Statements of Changes in Unit Holders' Funds

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Funds										
Opening unit holders' funds	237,289	128,064	175,192	86,854	313,934	156,800	139,957	96,254	318,492	217,241
Total comprehensive income/(loss)	(23,430)	57,861	10,326	47,138	(27,478)	88,426	15,829	32,926	(13,457)	7,524
Applications for units for the year	85,002	73,997	83,853	55,022	158,237	99,050	67,718	38,058	179,460	158,072
Withdrawals for the year	(41,154)	(24,115)	(26,549)	(15,002)	(50,371)	(27,990)	(24,435)	(26,398)	(90,862)	(62,705)
PIE tax attributable to unit holders	1,075	1,482	(218)	1,180	(1,620)	(2,352)	(32)	(883)	2,942	(1,640)
	<u>21,493</u>	<u>109,225</u>	<u>67,412</u>	<u>88,338</u>	<u>78,768</u>	<u>157,134</u>	<u>59,080</u>	<u>43,703</u>	<u>78,083</u>	<u>101,251</u>
Closing unit holders' funds	258,782	237,289	242,604	175,192	392,702	313,934	199,037	139,957	396,575	318,492
Units										
	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000
Units on issue at the start of the year	70,930	54,385	73,611	54,585	87,787	65,987	39,714	36,598	250,004	176,667
Applications for units for the year	24,986	24,253	32,395	25,991	41,404	31,635	18,266	11,956	142,897	123,964
Withdrawals for the year	(12,128)	(7,708)	(10,415)	(6,965)	(13,882)	(9,835)	(6,616)	(8,840)	(71,551)	(50,627)
Units on issue at the end of the year	83,788	70,930	95,591	73,611	115,309	87,787	51,364	39,714	321,350	250,004

The accompanying notes form an integral part of these financial statements.

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Statements of Comprehensive Income

	Note	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Income											
Interest income	5	50	41	22	22	54	39	43	26	9,268	6,664
Dividend income		3,108	1,833	643	2,224	886	585	3,821	2,741	-	-
Net changes in fair value of investments	3	(22,669)	63,180	14,083	49,682	(19,500)	99,626	15,416	33,346	(20,406)	3,825
Other income/(expense)		(9)	9	(2)	124	51	(17)	97	(75)	978	(671)
Total income/(loss)		(19,520)	65,063	14,746	52,052	(18,509)	100,233	19,377	36,038	(10,160)	9,818
Expenses											
Management fees	4 (a)(i)	2,807	1,936	2,374	1,361	4,130	2,375	1,785	1,178	2,935	1,983
Performance fees	4 (a)(i)	523	4,799	1,839	3,194	3,910	8,798	1,348	1,676	-	-
Brokerage fees		318	239	16	185	543	322	217	98	6	1
Registry fees	4 (a)(i)	105	110	92	77	139	132	78	67	130	149
Custody, unit pricing and accounting fees	4 (a)(i)	49	41	28	39	70	50	43	38	82	62
Supervisor fees	4 (a)(i)	80	56	46	40	119	68	51	34	111	76
Auditor's fees - financial statements audit		9	8	8	8	9	8	9	8	9	8
Investor communication expenses		4	4	4	3	4	3	4	3	4	3
Regulatory related expenses		15	9	13	7	22	11	10	6	20	12
Other expenses		-	-	-	-	23	40	3	4	-	-
Total expenses		3,910	7,202	4,420	4,914	8,969	11,807	3,548	3,112	3,297	2,294
Net profit/(loss)		(23,430)	57,861	10,326	47,138	(27,478)	88,426	15,829	32,926	(13,457)	7,524
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)		(23,430)	57,861	10,326	47,138	(27,478)	88,426	15,829	32,926	(13,457)	7,524

The accompanying notes form an integral part of these financial statements.

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Statements of Cash Flows

		New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities											
Cash was provided from:	Sale of investments	41,555	25,871	2,896	26,964	134,708	63,959	42,104	18,356	195,001	56,896
	Bank deposits matured	-	-	-	-	-	-	-	-	69,500	62,470
	Interest received	52	41	18	22	56	41	47	27	9,178	6,692
	Dividend income received	3,091	1,934	1,286	2,247	712	586	3,790	2,823	-	-
	Other income/(expenses)	(9)	9	12	119	72	(6)	177	(50)	636	(148)
Cash was applied to:	Purchase of investments	(95,408)	(63,624)	(63,847)	(59,905)	(226,566)	(143,438)	(84,924)	(34,522)	(219,574)	(117,025)
	Investment in bank deposits	-	-	-	-	-	-	-	-	(141,650)	(68,200)
	Expenses	(6,835)	(4,170)	(7,270)	(1,948)	(15,688)	(4,890)	(4,738)	(1,398)	(3,260)	(2,214)
Net settlement of derivatives		(1,131)	(9)	1,796	(4,216)	(3,866)	13,775	384	5,293	(1,298)	7,874
Net cash inflows/(outflows) from operating activities		(58,685)	(39,948)	(65,109)	(36,717)	(110,572)	(69,973)	(43,160)	(9,471)	(91,467)	(53,655)
Cash flows from financing activities											
Cash was provided from:	Applications for units	83,409	70,975	82,376	52,263	156,810	95,442	66,569	36,901	178,666	154,454
	PIE tax received	1,453	490	1,081	-	-	573	-	563	-	-
Cash was applied to:	Withdrawals	(40,057)	(20,722)	(25,025)	(12,496)	(47,935)	(25,265)	(22,946)	(25,725)	(88,452)	(60,067)
	PIE tax paid	-	-	-	(612)	(2,184)	-	(760)	-	(1,333)	(994)
Net cash inflows from financing activities		44,805	50,743	58,432	39,155	106,691	70,750	42,863	11,739	88,881	93,393
Net increase/(decrease) in cash and cash equivalents		(13,880)	10,795	(6,677)	2,438	(3,881)	777	(297)	2,268	(2,586)	39,738
Opening cash brought forward		17,343	6,548	8,318	6,119	10,835	10,046	7,936	5,673	53,762	14,513
Effect of exchange rate fluctuations		-	-	(8)	(239)	(28)	12	(64)	(5)	300	(489)
Ending cash carried forward		3,463	17,343	1,633	8,318	6,926	10,835	7,575	7,936	51,476	53,762
Reconciliation of net profit/(loss) to cash flows from operating activities											
Net profit/(loss)		(23,430)	57,861	10,326	47,138	(27,478)	88,426	15,829	32,926	(13,457)	7,524
Non cash items											
Net unrealised changes in the fair value of investments		33,444	(58,127)	31,305	(46,356)	56,777	(59,320)	(4,554)	(24,869)	17,201	1,074
Unrealised foreign exchange losses/(gains) on cash at bank		-	-	8	239	28	(12)	64	5	(300)	489
		33,444	(58,127)	31,313	(46,117)	56,805	(59,332)	(4,490)	(24,864)	16,901	1,563
Movements in working capital items											
Decrease/(increase) in trade and other receivables		(541)	1,894	2,407	(356)	5,131	(752)	2,005	1,425	(2,599)	4,139
Increase/(decrease) in trade and other payables		(2,223)	2,426	62	(2,607)	2,872	(232)	(739)	351	(4,380)	6,665
Increase/(decrease) in related party payables		(2,925)	3,022	(2,841)	2,958	(6,721)	6,904	(1,188)	1,709	37	71
Decrease/(increase) in bank deposits		-	-	-	-	-	-	-	-	73,248	(5,730)
Decrease/(increase) in other financial assets		-	-	-	-	-	-	-	-	(15,173)	-
Decrease/(increase) in cost of underlying investments carried at fair value		(63,506)	(46,655)	(106,329)	(37,986)	(140,171)	(105,870)	(54,238)	(21,501)	(144,428)	(68,868)
		(69,195)	(39,313)	(106,701)	(37,991)	(138,889)	(99,950)	(54,160)	(18,016)	(93,295)	(63,723)
Items classified as financing activities											
Movements in payables/receivables attributable to financing activities		496	(369)	(47)	253	(1,010)	883	(339)	483	(1,616)	981
Net cash outflows from operating activities		(58,685)	(39,948)	(65,109)	(36,717)	(110,572)	(69,973)	(43,160)	(9,471)	(91,467)	(53,655)

The accompanying notes form an integral part of these financial statements.

Fisher Funds Premium Service Scheme

For the year ended 31 March 2022

Notes to the Financial Statements

1 About this report

(a) Reporting entity

The reporting entity is the Fisher Funds Premium Service Scheme ("the Scheme"). The Scheme is made up of five funds ("the Funds"):

- Fisher Funds Premium New Zealand Fund ("New Zealand Fund")
- Fisher Funds Premium Australian Fund ("Australian Fund")
- Fisher Funds Premium International Fund ("International Fund")
- Fisher Funds Premium Property and Infrastructure Fund ("Property and Infrastructure Fund")
- Fisher Funds Premium Income Fund ("Income Fund")

The Funds are Portfolio Investment Entities ("PIEs"), meaning income is taxed in the hands of the unit holders. The Manager attributes the taxable income of the Funds to unit holders based on their holding of units and pays tax on their behalf at their Prescribed Investor Rate. Tax payments/credits are transacted by cancellation or issue of units.

The results, position and cash flows reported for the Scheme is a simple aggregation of the results, position and cash flows of the Funds that make up the Scheme. All investments made with the monies of a Fund shall be held by the Supervisor as the exclusive property of that Fund and will not be used to meet any liabilities of any other Fund. As part of this aggregation process, inter-fund transactions are eliminated and PIE tax is disclosed net at the Scheme level.

(b) Statutory base

The Scheme is a reporting entity under the Financial Markets Conduct Act 2013 ("FMC Act") and is governed by the Governing Document. The Scheme is also registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013.

(c) Basis of preparation

The Scheme's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as applicable to for-profit entities and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared in accordance with the provisions of the Governing Document and the FMC Act.

All amounts are in New Zealand Dollars and have been rounded to the nearest one thousand dollars. The Scheme is domiciled and registered in New Zealand.

Investments are financial instruments measured at fair value through profit or loss. All other assets and liabilities are measured at amortised cost.

There are no new standards, amendments to standards or interpretations that are effective for the reporting period that have a material effect on the financial statements of the Scheme.

There are no new standards, amendments or interpretations that have been issued but are not yet effective that are expected to materially impact the Scheme's financial statements.

(d) Change of comparatives

Certain items have been reclassified from the Scheme's prior year financial report to conform to the current year's presentation basis. The reclassifications relates to the re-presentation of the Supervisor as a related party (refer to note 4 for further information).

(e) Unit holders' Funds

Units issued by the funds provide the unit holders with the right to require redemption for cash at the value proportionate to the unit holders' share in each Fund's net asset value.

The units qualify as 'puttable instruments' and are classified as equity as they are identical. Any owner changes in equity are presented in the Statement of Changes in Unit Holders' Funds, whereas any non-owner changes in equity are presented in the income section of the Statements of Comprehensive Income.

(f) Material judgements

The material judgements in preparing these financial statements are the valuation of the Scheme's investments and categorisation of its assets and liabilities fair value hierarchy, which is described in Note 3.

(g) Covid-19

The impact of COVID-19 on the Scheme's financial statements was considered and, other than the Scheme's performance during the year, there have been no other impacts on the Scheme's financial reporting.

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Notes to the Financial Statements

2 Risk

The investment activities of the Funds come with financial risks. These risks are managed under the Scheme's Statement of Investment Policy and Objectives ("SIPO"), and are monitored by the Manager.

(a) Market price, interest rate and currency risks

Market price risk is the risk of gains or losses from changes in the market price of investments. A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing New Zealand and foreign bank accounts. The Funds are therefore exposed to the risk of gains or losses or changes in interest income from movements in both New Zealand and foreign interest rates. A variable of 1% was selected for interest rate risk as this is a reasonably possible movement based on historic trends and current market expectations.

Currency risk is the risk of gains or losses or changes in the New Zealand dollar value of income from changes in foreign exchange rates.

An analysis including the impact on unit holders' funds of the market price risk and direct interest rate risk from the investments of the Funds is set out in the tables below. Unit holders' funds is impacted by price movements by the same amount as profit after adjusting for the impact of PIE tax adjustments attributable to unit holders.

The Scheme is also exposed indirectly to interest rate risk and currency risk arising from its investment in PIE funds. These indirect risks are not considered in the analysis below.

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Market risk	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equities, PIE funds, litigation securities, futures and options:										
Carrying amount	253,981	223,716	241,067	167,379	386,548	310,635	191,914	134,878	-	-
Impact of a +/- 20% change in market prices	50,796	44,743	48,213	33,476	77,310	62,127	38,383	26,976	-	-
Interest rate risk										
Cash and cash equivalents, debt securities, bank deposits and swaps:										
Re-pricing profile:										
Up to 90 days	3,463	17,343	1,633	8,318	6,926	10,835	7,575	7,936	64,293	80,764
91 days - 1 year	-	-	-	-	-	-	-	-	11,230	64,429
1-5 years	-	-	-	-	-	-	-	-	167,154	76,418
5+ years	-	-	-	-	-	-	-	-	146,086	102,552
Cash and cash equivalents:										
Carrying amount	3,463	17,343	1,633	8,318	6,926	10,835	7,575	7,936	51,476	53,762
Impact of a +/- 1% change in interest rates	35	173	16	83	69	108	76	79	515	538
Debt securities, bank deposits and swaps:										
Carrying amount	-	-	-	-	-	-	-	-	330,786	270,401
Impact of a +/- 1% change in interest rates	-	-	-	-	-	-	-	-	9,403	8,211
Currency risk										
Net currency exposures for cash and investments in NZD equivalents:										
NZD	225,954	213,547	1,633	7,444	4,128	9,846	61,817	59,543	211,523	198,539
AUD	31,287	27,512	241,067	166,917	35	36	37,181	18,415	54,380	40,978
EUR	-	-	-	-	46	19,828	7,071	7,279	56,366	26,499
GBP	-	-	-	-	11,402	10,605	-	-	15,579	10,495
JPY	-	-	-	-	(569)	125	-	-	-	-
USD	-	-	-	-	360,709	265,579	84,721	52,221	43,631	40,821
Others	-	-	-	-	21,425	11,672	9,024	3,925	8,865	6,146
	257,241	241,059	242,700	174,361	397,176	317,691	199,814	141,383	390,344	323,478

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Notes to the Financial Statements

2 Risk (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with investment liabilities and withdrawals by unit holders. Liquidity risk is managed by holding sufficient liquid investments to enable the Scheme to meet liabilities as they fall due and unit holder withdrawals when requested. Monies received from unit holder contributions may be used to offset withdrawals and the Manager may in certain circumstances suspend withdrawals.

The Manager manages liquidity risk by monitoring the Funds' portfolios and giving consideration to illiquid investments not readily and easily sold, to ensure there are sufficient liquid assets to cover outstanding liabilities of the Funds.

The Scheme manages its unit holders' funds as capital. All units in the each Fund carry the same rights, preferences and restrictions. The Supervisor may defer giving effect to a permitted withdrawal out of the Scheme if the Supervisor determines that having regard to the realisation of assets required in order to make the withdrawal or transfer or the occurrence or existence of any other circumstance or event relating to the Scheme or generally, earlier withdrawal or transfer would be imprudent or is impracticable.

(c) 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 a contract with the Scheme. The Scheme minimises concentrations of credit risk by undertaking transactions with a number of counterparties on recognised and reputable exchanges. The Scheme could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Financial instruments that subject the Scheme to credit risk consist primarily of cash and cash equivalents, fixed interest investments, swaps and forward foreign exchange contracts. The Manager has assessed the impact of non-performance risk on the financial instruments subject to credit risk and determined that no adjustment to the fair value is required. The Manager minimises credit risks to the Scheme by performing reviews of each counterparty. All transactions in listed securities are paid for on delivery according to standard settlement instructions.

PIE funds indirectly subject the Scheme to credit risk by investing in cash, fixed interest investments and forward foreign exchange contracts. The maximum exposure for the Scheme to credit risk is represented by the carrying value of these financial instruments. The Scheme's investment in PIE funds, due to the risk and reward profile of those investments, are considered to be similar to an equity holding and are therefore not included in the credit risk sensitivity analysis.

The table below sets out the equivalent Standard and Poor's short term credit rating for cash and cash equivalents, bank deposits at amortised cost, and long term credit ratings for debt securities, swaps and forward foreign exchange contracts at fair value through profit or loss held by the Scheme:

Credit rating	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
AAA- to AAA+	-	-	-	-	-	-	-	-	66,836	63,878
AA- to AA+	3,260	17,343	1,633	6,108	7,830	6,067	6,604	5,927	109,243	129,847
A- to A+	-	-	-	874	2,798	989	1,296	578	34,675	22,700
BBB- to BBB+	-	-	-	-	-	-	-	-	82,890	60,007
BB- to BB+	-	-	-	-	-	-	-	-	39,886	18,787
B- to B+	-	-	-	-	-	-	-	-	18,875	4,371
CCC- to CCC+	-	-	-	-	-	-	-	-	7,178	3,936
Unrated	-	-	-	-	-	-	-	-	30,761	19,952
	3,260	17,343	1,633	6,982	10,628	7,056	7,900	6,505	390,344	323,478

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Notes to the Financial Statements

2 Risk (continued)

(d) Credit exposure

The Scheme's maximum exposure to credit risk at balance date in relation to each class of recognised asset is the carrying amount of those assets as indicated in the Statements of Financial Position. The Funds have exposure of greater than 10% of net assets with any one counterparty (excluding PIE Funds which are detailed in Note 4(c)) as shown in the table below. Although less than 10%, the exposure to these same counterparties by the other Funds are also shown for completeness.

		New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
ANZ Banking Group	Fair Value \$000	3,463	17,343	1,633	16,722	4,127	9,846	6,269	7,359	69,290	63,818
	% Net Assets	1.34%	7.31%	0.67%	9.54%	1.05%	3.14%	3.15%	5.26%	17.47%	20.04%

The Manager moderates credit risk through careful security selection and diversification, daily monitoring of the Scheme's market position and adherence to the Scheme's investment policy.

3 Investments at fair value through profit or loss

All investments are valued at fair value, with gains or losses recognised in the Statements of Comprehensive Income. The Scheme classifies its investments at fair value through profit or loss upon initial recognition as the Scheme manages its investments based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Derivative instruments which are primarily forward foreign exchange contracts, futures and options contracts and interest rate swaps. The use of derivatives is governed by investment guidelines which are set by the Manager with the approval of the Supervisor. Where derivative instruments are used to economically hedge currency risk, hedge accounting is not applied and derivatives are accounted for on the same basis as those investments being hedged and are recognised at their fair value.

(a) Composition of investments at fair value through profit or loss

		New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investment assets at fair value through profit or loss	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Listed equities		253,981	223,716	-	167,379	386,548	310,635	191,914	134,878	-	-
PIE funds ¹		-	-	241,067	-	-	-	-	-	-	-
Debt securities		-	-	-	-	-	-	-	-	319,768	191,148
Derivative assets:											
Interest rate and other swaps		-	-	-	-	-	-	-	-	226	-
Forward foreign exchange contracts		-	-	-	-	4,471	456	541	-	2,087	786
Total investment assets at fair value through profit or loss		253,981	223,716	241,067	167,379	391,019	311,091	192,455	134,878	322,081	191,934

¹ All PIE funds invested in are other funds managed by the Manager. As such, these PIE funds are considered to be related entities. Refer to Note 4(c) for a detailed breakdown of PIE funds invested in by each Fund.

		New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investments liabilities at fair value through profit or loss	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Derivative liabilities:											
Interest rate and other swaps		-	-	-	-	-	-	-	-	4,639	754
Forward foreign exchange contracts		203	-	-	1,336	769	4,235	216	1,431	506	1,471
Total investment liabilities at fair value through profit or loss		203	-	-	1,336	769	4,235	216	1,431	5,145	2,225

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Notes to the Financial Statements

3 Investments at fair value through profit or loss (continued)

(b) Net changes in fair value of investments

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Listed equities	(21,335)	63,189	1,914	52,934	(15,945)	87,956	15,426	28,535	-	-
PIE funds	-	-	10,817	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	(19,543)	(2,882)
Unlisted litigation securities	-	-	-	(12)	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-	-	-	(3,923)	(919)
Futures and options	-	-	-	-	-	-	-	-	-	225
Forward foreign exchange contracts	(1,334)	(9)	1,352	(3,240)	(3,555)	11,670	(10)	4,811	3,060	7,401
Total net changes in fair value of investments	(22,669)	63,180	14,083	49,682	(19,500)	99,626	15,416	33,346	(20,406)	3,825

(c) Fair value hierarchy

The fair value of an investment is the price that would be received to sell an investment asset, or paid to transfer a financial liability, in an orderly transaction between market participants at measurement date. Investments recognised at fair value are categorised according to the level of judgment used in determining the fair value. There are three levels in the hierarchy of fair value measurements which are based on the observability of inputs to measure fair values:

- Level 1: Inputs are the last traded price for identical securities in active markets that the Funds can access; except for when the last traded price falls outside the bid-ask spread for a particular stock, in which case the bid price is used.
- Level 2: Where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques using inputs that are available for the investment asset, either directly or indirectly.
- Level 3: Fair values are estimated using significant inputs that are unobservable for the investment asset.

The table below categorises investment by fair value hierarchy:

Fair value hierarchy	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Level 1	253,981	223,716	-	167,379	386,548	310,635	191,914	134,878	-	7,382
Level 2	(203)	-	241,067	(1,336)	3,702	(3,779)	325	(1,431)	284,143	165,995
Level 3	-	-	-	-	-	-	-	-	32,793	16,332
	253,778	223,716	241,067	166,043	390,250	306,856	192,239	133,447	316,936	189,709

Level 1 investments comprise active listed debt or equity securities.

Level 2 investments comprise of:

- (i) PIE funds: The PIE investments are not traded in an active market and their fair value is based primarily on the latest available redemption price at balance date of the respective PIE funds.
- (ii) Debt securities and swaps: Fair value for fixed interest investments that are either unlisted or listed but not active, and for swaps, is based on valuation techniques, such as benchmark models, net present value techniques, and comparison to similar instruments for which market observable prices exist and valuation models.
- (iii) Other derivative contracts: Fair value for forward foreign exchange rate and other derivative contracts is determined using valuation techniques based on spot exchange rates, forward points and prices supplied by reputable pricing vendors.

Level 3 investments: Fair value for unlisted investments, where no observable market data for significant inputs is available for the valuation techniques applied, or are based on valuation techniques that are determined by the Manager on a case by case basis and approved by the Supervisor. These comprise:

- (i) Debt securities: the Manager calculates a valuation based on the monthly pricing information supplied by reputable pricing vendors.
- (ii) Unlisted litigation securities: the Manager calculates a valuation based on the present value of the future distributions that are estimated to be received, after applying a 10% discount rate.

During the year there were no transfers of investments between levels in the fair value hierarchy.

Fisher Funds Premium Service Scheme
For the year ended 31 March 2022

Notes to the Financial Statements

3 Investments at fair value through profit or loss (continued)

(d) Reconciliation of movements in Level 3 investments

The following table shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Debt securities										
Opening balance	-	-	-	-	-	-	-	-	16,332	8,001
Purchases	-	-	-	-	-	-	-	-	28,552	14,734
Sales	-	-	-	-	-	-	-	-	(11,907)	(4,853)
Transfers from level 2 to level 3	-	-	-	-	-	-	-	-	-	2,671
Transfers from level 3 to level 2	-	-	-	-	-	-	-	-	-	(4,259)
Gains/(losses) recognised in profit or loss	-	-	-	-	-	-	-	-	(184)	38
Closing balance	-	-	-	-	-	-	-	-	32,793	16,332
Unlisted litigation securities										
Opening balance	-	-	-	12	-	-	-	-	-	-
Gains/(losses) recognised in profit or loss	-	-	-	(12)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Change in unrealised gains/(losses) for the year included in profit or loss for level 3 investment assets held at balance date	-	-	-	(12)	-	-	-	-	(184)	38

4 Related parties

(a) Transactions and balances with related parties

The Manager of the Scheme is Fisher Funds Management Limited and the Supervisor is Trustees Executors Limited. The Manager and Trustees Executors Limited are related parties of the Scheme by virtue of the Governing Document, giving the Manager and Supervisor, either directly or indirectly, the authority and responsibility for planning, directing and controlling the activities of the Scheme.

The Manager is responsible for managing the assets of the Scheme and fund administration, and is entitled to a management fee of 1% (plus GST) per annum ("p.a.") of the gross asset value ("GAV") of the New Zealand Fund, Australian Fund, International Fund and the Property and Infrastructure Fund. The management fee is 0.75% (plus GST) of the GAV of the Income Fund. Management fees are calculated daily and payable monthly.

The Manager is also entitled to be paid a performance fee where returns to the unit holders exceed the Funds' benchmark ("Benchmark Return") capped at 2% p.a. of the average net asset value of the Fund. The Benchmark Return is measured as the percentage change in the NZ Official Cash Rate ("OCR") plus 5% for the New Zealand Fund, Australian Fund and International Fund and plus 3% for the Property and Infrastructure Fund. No performance fees are earned or payable for the Income Fund.

A high water mark applies to ensure management is only rewarded for investment performance once. Where the high water mark is higher than the performance period end unit price, no performance fee is payable. Where the high water mark is lower than the performance period end unit price the fee is the lesser of:

- 10% (plus GST) of the return in excess of the Benchmark Return or
- 10% (plus GST) of the return achieved above the high water mark.

The performance fee is calculated for the period 1 July to 30 June. Therefore, the actual amount payable at the end of the current performance period may be greater or less than the performance fees accrued at 31 March. The performance fee is accrued daily and is payable within three days of 30 June.

Income earned or fees incurred by the Funds during the period, and amounts receivable from or payable to the Manager and Supervisor at balance date, are detailed below:

**Fisher Funds Premium Service Scheme
For the year ended 31 March 2022**

Notes to the Financial Statements

4 Related parties (continued)

(a) Transactions and balances with related parties (continued)

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(i) Related party fees incurred										
Fisher Funds Management Limited:										
Management fees	2,807	1,936	2,374	1,361	4,130	2,375	1,785	1,178	2,935	1,983
Performance fees	523	4,799	1,839	3,194	3,910	8,798	1,348	1,676	-	-
Total Fisher Funds Management Limited	3,330	6,735	4,213	4,555	8,040	11,173	3,133	2,854	2,935	1,983
Trustees Executors Limited:										
Supervisor fees	80	56	46	40	119	68	51	34	111	76
Custody, unit pricing and accounting fees	49	41	28	39	70	50	43	38	82	62
Registry Fees	105	110	92	77	139	132	78	67	130	149
Total Trustees Executors Limited	234	207	166	156	328	250	172	139	323	287
Total related party fees incurred	3,564	6,942	4,379	4,711	8,368	11,423	3,305	2,993	3,258	2,270
(ii) Related party payables										
Fisher Funds Management Limited:										
Management fees payable	220	211	204	158	333	288	167	125	258	217
Performance fees payable	-	2,931	-	2,884	-	6,762	443	1,676	-	-
Total Fisher Funds Management Limited	220	3,142	204	3,042	333	7,050	610	1,801	258	217
Trustees Executors Limited:										
Supervisor fees payable	6	6	6	4	9	8	5	3	9	8
Registry fees payable	9	12	8	9	12	17	8	7	12	17
Unit pricing and accounting fees payable	9	9	5	9	9	9	9	9	14	14
Total Trustees Executors Limited	24	27	19	22	30	34	22	19	35	39
Total related party fees payable	244	3,169	223	3,064	363	7,084	632	1,820	293	256

(b) Investment transactions with related entities

During the year various investments were bought or sold by the Scheme where the counterparty was another Fund also managed by the Manager. All such transactions were carried out in the ordinary course of the Scheme's activities and were transacted at the fair value of the underlying investment bought or sold (i.e. on an arm's-length basis). No brokerage fees were charged.

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Purchases of investments ⁽¹⁾	8,933	-	-	-	2,029	-	831	-	21,557	186
Sales of investments ⁽¹⁾	882	-	180,092	-	813	-	95	384	7,219	4,497
Unsettled purchases of investments	-	-	-	-	-	-	-	-	-	-
Unsettled sales of investments	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ These purchases and sales of investments exclude applications and withdrawals in Fisher Institutional Funds.

On 25 May 2021, there was an in-specie transfer of all listed equities held by the Fisher Funds Premium Australian Fund for units in the newly established Fisher Institutional Australian Equity Fund to improve operational efficiency. The fair value of these listed equities at the time of transfer was \$179,848,665. These amounts are included in the total sales of investments from related entities under the Australian Fund.

**Fisher Funds Premium Service Scheme
For the year ended 31 March 2022**

Notes to the Financial Statements

4 Related parties (continued)

(c) Investments in related entities

The Scheme indirectly holds investments through other funds managed by the Manager. The Scheme has been deemed to meet the definition of an investment entity and accordingly the Scheme's investments in other PIE funds managed by the Manager are not consolidated, instead measured at fair value through profit and loss, if any. The Scheme's investments in other funds managed by the Manager (PIE Funds per Note 3) are as follows:

	New Zealand Fund		Australian Fund		International Fund		Property and Infrastructure Fund		Income Fund	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Fisher Institutional Australian Equity Fund	-	-	241,068	-	-	-	-	-	-	-
5 Interest income										
Interest on investment assets at amortised cost	50	41	22	22	54	39	43	26	1,089	1,429
Interest on investment assets at fair value through profit or loss	-	-	-	-	-	-	-	-	8,179	5,235
	<u>50</u>	<u>41</u>	<u>22</u>	<u>22</u>	<u>54</u>	<u>39</u>	<u>43</u>	<u>26</u>	<u>9,268</u>	<u>6,664</u>

Interest income on investment assets at amortised cost is recognised in the Statements of Comprehensive Income as interest accrues using the effective interest rate method. All other interest income is recognised at fair value through profit or loss.

6 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 31 March 2022 (31 March 2021: Nil).

7 Subsequent events

As at the date of signing, the underlying funds covered in these financial statements have experienced movement in unit prices, in line with recent market volatility. The equity-based funds [New Zealand Fund, Australian Fund, International Fund and Property and Infrastructure Fund] have experienced a higher level of volatility. For recent unit price and fund performance, please visit www.fisherfunds.co.nz/unit-prices-and-performance/unit-prices (note, this information is unaudited).



Independent Auditor's Report

To the members of:

- Fisher Funds Premium New Zealand Fund
- Fisher Funds Premium Australian Fund
- Fisher Funds Premium International Fund
- Fisher Funds Premium Property and Infrastructure Fund
- Fisher Funds Premium Income Fund

Collectively "Fisher Funds Premium Service Scheme" (the "funds and scheme").

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Fisher Funds Premium Service Scheme (the 'funds and scheme') on pages 2 to 13:

- present fairly in all material respects the funds' and scheme's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date; and
- in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statements of financial position as at 31 March 2022;
- the statements of changes in unit holders' funds, comprehensive income and cash flows statements for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



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 scheme in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements 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"). Subject to certain restrictions, partners and employees of our firm may also deal with the funds and scheme on normal terms within the ordinary course of trading activities of the business of the funds and scheme. These matters have not impaired our independence as auditor of the funds and scheme. The firm has no other relationship with, or interest in, the funds and scheme.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at 0.75% of the total assets of each fund and the scheme. We chose the benchmark because, in our view, this is a key measure of the funds' and scheme's performance.

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 statutory 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 3 to the Financial Report.

Investments are the funds' and scheme's main assets, and existence and valuation of those investments is the most important aspect of preparing the financial statements. As described in the financial statements, the funds' and scheme's investments include call accounts, term deposits, listed equities and bonds, fund-to-fund investments and simple derivatives held by one custodian. These factors reduce the risk and complexity of verifying investment existence and valuation.

COVID-19 and geo-political events in Europe putting strain on global supply chains, as well as rising interest rates, has meant that greater volatility exists around the valuation of investments and the fair value hierarchy level attributed to each. This required some additional judgement in these areas.

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 at the custodian, investment accounting and registry service provider 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 the confirmations received from banks and the custodian;
- agreeing the valuation of listed equities, bonds and fund to-fund investments to independent third party pricing sources;
- for derivatives, engaging our valuation specialists to check the reasonableness of the inputs to information available from independent third party pricing sources; and
- checking the accuracy of fair value levels as disclosed in the financial statements.

We did not identify any material differences from our procedures.

Other information

The Manager, on behalf of the funds and scheme, is responsible for the other information included in the funds' and scheme's Annual Report. 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 that 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 as a body. 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, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the scheme, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability 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 are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



A further description of our responsibilities for the audit of these 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 Nicholas Moss.

For and on behalf of

A handwritten signature of 'KPMG' in black ink, written in a cursive style.

KPMG
Auckland

1 July 2022