

**RUSSELL INVESTMENT FUNDS**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR/PERIOD ENDED 31 MARCH 2023**

## Statements of Comprehensive Income

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund	
	Year ended		Year ended		Year ended	Period ended	Period ended	
	2023	2022	2023	2022	2023	2022	2023	
<b>\$'000</b>								
<b>For the year/period ended 31 March 2023</b>								
	<b>Notes</b>							
<b>Income</b>								
Distribution and dividend income		19,723	-	17,748	7,946	1,597	3,036	
Interest income	9	750	40	3	458	19	193	
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss		(25,408)	(27,507)	(18,560)	(17,129)	(19,124)	1,976	
Other foreign exchange gains/(losses)		758	520	-	(267)	(1,096)	41	
Sundry income		1	6	-	9	1	-	
<b>Total (loss)/income</b>		<b>(11,939)</b>	<b>(5,120)</b>	<b>(27,504)</b>	<b>(803)</b>	<b>(8,991)</b>	<b>(18,603)</b>	<b>5,246</b>
<b>Expenses</b>								
Interest expense		435	21	-	-	85	1	4
Administration expenses	8	66	127	58	116	71	20	32
Management fees	8	2,064	1,895	2,216	1,986	1,147	296	1,027
Other expenses	8	386	838	115	16	449	330	330
<b>Total operating expenses</b>		<b>2,951</b>	<b>2,882</b>	<b>2,388</b>	<b>2,118</b>	<b>1,752</b>	<b>647</b>	<b>1,393</b>
<b>Net (loss)/profit</b>		<b>(14,890)</b>	<b>(8,002)</b>	<b>(29,892)</b>	<b>(2,921)</b>	<b>(10,744)</b>	<b>(19,250)</b>	<b>3,853</b>
<b>Net decrease/(increase) in net assets attributable to unitholders</b>		<b>14,890</b>	<b>20,431</b>	<b>-</b>	<b>-</b>	<b>10,744</b>	<b>19,250</b>	<b>-</b>
Other comprehensive income		-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year/period</b>		<b>-</b>	<b>12,429</b>	<b>(29,892)</b>	<b>(2,921)</b>	<b>-</b>	<b>-</b>	<b>3,853</b>

These statements are to be read in conjunction with the accompanying notes.

## Statements of Changes in Net Assets Attributable to Unitholders

\$'000 For the year/period ended 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	Year ended		Year ended		Year ended	Period ended	Period ended
	2023	2022	2023	2022	2023	2022	2023
<b>Funds attributable to unitholders at the beginning of the year/period</b>	<b>683,143</b>	99,047	<b>369,484</b>	97,136	<b>405,599</b>	-	-
<b>Total comprehensive income/(loss) for the year/period</b>	-	12,429	<b>(29,892)</b>	(2,921)	-	-	<b>3,853</b>
<b>Net (decrease)/increase in net assets attributable to unitholders</b>	<b>(14,890)</b>	(20,431)	-	-	<b>(10,744)</b>	(19,250)	-
Proceeds from units issued	<b>39,391</b>	664,485	<b>24,929</b>	304,016	<b>112,107</b>	427,126	<b>117,204</b>
Distributions	<b>(2,582)</b>	(619)	<b>(2,883)</b>	(577)	<b>(6,334)</b>	-	<b>(2,726)</b>
Unitholder tax liabilities	<b>(261)</b>	(187)	<b>(267)</b>	(196)	<b>(41)</b>	-	<b>(49)</b>
Redemption of units	<b>(231,937)</b>	(71,581)	<b>(118,307)</b>	(27,974)	<b>(14,348)</b>	(2,277)	<b>(2,204)</b>
Net increase/(decrease) from transaction in units	<b>(195,389)</b>	592,098	<b>(96,528)</b>	275,269	<b>91,384</b>	424,849	<b>112,225</b>
<b>Funds attributable to unitholders at the end of the year/period</b>	<b>472,864</b>	683,143	<b>243,064</b>	369,484	<b>486,239</b>	405,599	<b>116,078</b>

Units on issue For the year/period ended 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	Year ended		Year ended		Year ended	Period ended	Period ended
	2023	2022	2023	2022	2023	2022	2023
Units on issue at the beginning of the year/period	<b>493,402</b>	39,815	<b>132,600</b>	36,890	<b>425,144</b>	-	-
Units issued	<b>32,447</b>	493,653	<b>10,024</b>	105,629	<b>126,050</b>	427,472	<b>116,860</b>
Units redeemed	<b>(178,577)</b>	(40,066)	<b>(47,606)</b>	(9,919)	<b>(15,850)</b>	(2,328)	<b>(2,052)</b>
<b>Units on issue at the end of the year/period</b>	<b>347,272</b>	493,402	<b>95,018</b>	132,600	<b>535,344</b>	425,144	<b>114,808</b>

These statements are to be read in conjunction with the accompanying notes.

## Statements of Financial Position

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund	
	2023	2022	2023	2022	2023	2022	2023	
<b>\$'000</b>								
<b>As at 31 March</b>								
<b>Assets</b>	<b>Notes</b>							
Cash and cash equivalents	18,507	38,075	100	67	8,249	17,299	5,020	
Margin accounts	6,105	11,102	-	-	153	-	275	
Other receivables	1,472	1,877	30	42	783	537	335	
Outstanding settlements receivable	1,164	2,366	-	-	-	-	-	
Financial assets at fair value through profit or loss	5	452,316	641,116	244,820	369,820	480,786	388,918	112,077
<b>Total assets</b>	<b>479,564</b>	<b>694,536</b>	<b>244,950</b>	<b>369,929</b>	<b>489,971</b>	<b>406,754</b>	<b>117,707</b>	
<b>Liabilities</b>								
Management fees payable	8	(107)	(175)	(98)	(202)	(59)	(74)	(50)
Distributions payable	(1,288)	-	(1,425)	-	(3,212)	-	(1,378)	
Other payables	(10)	(75)	(96)	(47)	(94)	(45)	(78)	
Outstanding settlements payable	(1,135)	(2,528)	-	-	-	-	-	
Unitholder tax liabilities payable	(261)	(187)	(267)	(196)	(41)	-	(49)	
Margin accounts	-	-	-	-	-	(72)	-	
Financial liabilities at fair value through profit or loss	6	(3,899)	(8,428)	-	-	(326)	(964)	(74)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,886)</b>	<b>(445)</b>	<b>-</b>	<b>-</b>	<b>(1,629)</b>	
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>(6,700)</b>	<b>(11,393)</b>	<b>-</b>	<b>-</b>	<b>(3,732)</b>	<b>(1,155)</b>	<b>-</b>	
<b>Net assets attributable to unitholders - equity</b>	<b>-</b>	<b>-</b>	<b>243,064</b>	<b>369,484</b>	<b>-</b>	<b>-</b>	<b>116,078</b>	
<b>Net assets attributable to unitholders - liabilities</b>	<b>472,864</b>	<b>683,143</b>	<b>-</b>	<b>-</b>	<b>486,239</b>	<b>405,599</b>	<b>-</b>	
<b>Funds attributable to unitholders</b>	<b>472,864</b>	<b>683,143</b>	<b>243,064</b>	<b>369,484</b>	<b>486,239</b>	<b>405,599</b>	<b>116,078</b>	

The Directors of FundRock NZ Limited authorised these Financial Statements for issue on 25 July 2023.



Director **Anthony Edmonds**

These statements are to be read in conjunction with the accompanying notes.



Director **Jeremy Valentine**

## Statements of Cash Flows

\$'000

For the year/period ended 31 March

### Cash flows from operating activities

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	Year ended 31 March 2023	2022	Year ended 31 March 2023	2022	Year ended 31 March 2023	Period ended 2022	Period ended 31 March 2023
Interest income received	702	35	3	-	425	18	171
Dividends and distributions	12,722	3,934	-	-	7,705	1,084	2,849
Proceeds from sale of financial instruments at fair value through profit or loss	412,584	233,481	2,893	4,240	21,679	6,021	100,911
Net settlement of forward currency contracts	(8,963)	(1,441)	-	-	(16,770)	(904)	(9,253)
Net settlement on future contracts	(13,734)	(4,661)	-	-	(1,169)	(926)	618
Net movement in margin accounts	4,997	(11,102)	-	-	(225)	72	(275)
Sundry income received	6	-	-	-	1	1	-
Administration and other expenses paid	(516)	(920)	(112)	(145)	(448)	(328)	(375)
Interest expense paid	(435)	(21)	-	-	(85)	(1)	(4)
Management fees paid	(2,133)	(1,833)	(2,319)	(1,898)	(1,162)	(222)	(977)
Purchase of financial instruments at fair value through profit or loss	(231,017)	(185,586)	-	(30,332)	(113,671)	(253,203)	(104,495)

### Net cash inflow/(outflow) from operating activities

10 **174,213** 31,886 **465** (28,135) **(103,720)** (248,388) **(10,830)**

### Cash flows from financing activities

Proceeds from units issued	39,391	78,374	2	35,578	112,107	267,943	19,392
Redemptions of units	(231,937)	(71,632)	-	(6,925)	(14,348)	(2,277)	(2,204)
Unitholders tax liabilities	(188)	(1)	(196)	(4)	-	-	-
Distributions paid	(1,293)	(655)	(238)	(618)	(3,122)	-	(1,348)

### Net cash (outflow)/inflow from financing activities

**(194,027)** 6,086 **(432)** 28,031 **94,637** 265,666 **15,840**

### Net (decrease)/increase in cash and cash equivalents

**(19,814)** 37,972 **33** (104) **(9,083)** 17,278 **5,010**

Cash and cash equivalents at the beginning of the year/period

**38,075** 135 **67** 171 **17,299** - -

Net foreign exchange gain/(loss) on cash and cash equivalents

**246** (32) - - **33** 21 **10**

**Cash and cash equivalents at the end of the year/period**

**18,507** 38,075 **100** 67 **8,249** 17,299 **5,020**

### Cash balance comprises of:

Cash and cash equivalents

**18,507** 38,075 **100** 67 **8,249** 17,299 **5,020**

**Cash balance at the end of the year/period**

**18,507** 38,075 **100** 67 **8,249** 17,299 **5,020**

These statements are to be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### 1. General information

#### Reporting Entities

These financial statements are for the year/period ended 31 March 2023 and have been prepared for the Funds which have been registered as the Russell Investment Funds Managed Investment Scheme. The Russell Investment Funds (the Funds) was registered as a Managed Investment Scheme in accordance with the Financial Markets Conduct Act 2013 on 4 August 2016. These Funds are the Russell Investments Global Shares Fund, Russell Investments Hedged Global Shares Fund, Russell Investments Sustainable Global Shares Fund and the Russell Investments Global Listed Infrastructure Fund.

The Funds, which are separate legal entities are open-ended investment funds domiciled in New Zealand and established in Wellington under a Master Trust Deed and Unit Trust Establishment Deeds supplemental to the Trust Deed, dated 15 June 2011. This was amended and restated on 29 July 2016 and further amended on 11 January 2021. Each Fund was established on the date of its Unit Trust Establishment Deed and will terminate in accordance with the provisions of the Trust Deed. The Unit Trust Establishment Deed for the Russell Investments Global Shares Fund was further amended by an Amendment Deed dated 21 September 2021. This amendment allowed the Global Shares Fund to be divided into the following sub-funds; Global Shares Fund unhedged sub-fund (offering unhedged class units) and Global Shares Fund NZD hedged sub-fund (offering NZD hedged class units). The Russell Investments Sustainable Global Shares Fund and Russell Investments Global Listed Infrastructure Fund were established under an establishment deed, dated 13 August 2021. The Funds commenced operations on the following dates:

- \* Russell Investments Global Shares Fund (Global Shares Fund) commenced operations on 14 November 2012.
- \* Russell Investments Hedged Global Shares Fund (Hedged Global Shares Fund) commenced operations on 24 July 2012.
- \* Russell Investments Sustainable Global Shares Fund (Sustainable Global Shares Fund) commenced operations on 16 December 2021.
- \* Russell Investments Global Listed Infrastructure Fund (Global Listed Infrastructure Fund) commenced operations on 18 March 2022.

The principal activity of the Funds is investment, either via investments in other managed funds or holding investments directly.

The objectives of the Funds are as follows:

- \* Global Shares Fund: To provide a total return, before costs and taxes, higher than the MSCI ACWI - Net Index over the long term by having an underlying exposure to a diversified portfolio of international shares. The investment policy of the Fund is investment with the intent that the Fund's principal investment is to invest directly in equity securities in any country.
- \* Hedged Global Shares Fund: To provide a total return, before costs and taxes, higher than the MSCI ACWI - 100% Hedged to NZD - Net Index over the long term by having an underlying exposure to a diversified portfolio of international shares, targeting a position of being fully hedged back to New Zealand dollars. The Fund's principal investment is indirectly in equity securities in any country.
- \* Sustainable Global Shares Fund: To provide a total return, before costs and tax, in line with the MSCI ACWI – Net Index over the long term. The Fund maintains a reduced carbon exposure compared to the Benchmark index, whilst also increasing exposure to renewable energy and taking into account other ESG considerations.
- \* Global Listed Infrastructure Fund: To provide a total return, before costs and tax, higher than the S&P Global Infrastructure Index (\$NZ hedged) over the long term. The Fund targets a 20% carbon footprint reduction relative to its market index. The Fund's investments are in infrastructure and infrastructure related equity securities that are listed, or expected to be listed in the near future.

The Funds' licensed manager is FundRock NZ Limited ("the Manager") (prior to 6 April 2023 the Manager was named Implemented Investment Solutions Limited). The registered office for FundRock NZ Limited is Level 2, Woodward House, 1 Woodward Street, Wellington 6011.

Russell Investment Group Limited is the Investment Manager for the Funds whose role is to make recommendations and decisions about what the Funds invest in. Sub-investment managers may also be appointed to manage fund assets in accordance with the Investment Manager's philosophy.

These financial statements were authorised for issue by the Board of Directors of the Manager on 25 July 2023.

#### Statutory Base

The Funds are a Managed Investment Scheme as defined by the Financial Markets Conduct Act 2013 and are subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Trust Deed.

## Notes to the Financial Statements

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the Funds are for-profit entities. These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost method, except for financial assets and liabilities held at fair value through profit or loss.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Directors of the Manager to exercise their judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Manager enters into a fund hosting arrangement with the Investment Manager. The arrangements involve the issuing and managing of funds, under the Manager's Managed Investment Scheme license, on behalf of an Investment Manager who wants to provide investors with access to their investment solutions. The Manager contracts with other service providers to provide the services required to be provided directly to the Funds. This includes investment management, trustee/supervisor, custodian, fund administration and audit services. In respect of these services the Manager is acting as an agent of the Fund.

The Financial Statements have been prepared for the year ended 31 March 2023 except for the Global Listed Infrastructure Fund, which is for the period 18 March 2022 to 31 March 2023. The comparative period is for the year ended 31 March 2022 except for the Sustainable Global Shares Fund which is for the period 13 August 2021 to 31 March 2022, while there are no comparatives for the Global Listed Infrastructure Fund.

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

#### Restatement of comparatives

The operating activities within the Statements of Cash Flows for Hedged Global Shares Fund for the year ended 31 March 2022 have been restated in these financial statements. Proceeds from sale of financial instruments at fair value through profit or loss has been restated from \$4,090,000 to \$4,240,000, sundry income received has been restated from \$117,000 to \$nil and administration and other expenses paid restated from \$(112,000) to \$(145,000).

Note 7 Financial instruments by category for Global Shares Fund for the year ended 31 March 2022 has been restated in these financial statements. Financial liabilities measured at fair value through profit or loss has been restated from \$(8,428,000) to \$8,428,000 and total financial liabilities restated from \$677,493,000 to \$694,349,000.

The Note 10 reconciliation of operating profit/(loss) to net cash outflow from operating activities for Global Shares Fund, Hedged Global Shares Fund and Sustainable Global Shares Fund for the year ended 31 March 2022 has been restated as a result of a change in the presentation of this reconciliation. The presentation has been changed to include; net gain/(loss) on financial assets and liabilities at fair value through profit or loss as well as foreign exchange gains/(losses) instead of net unrealised changes in the fair value of financial assets and liabilities; purchase of financial instruments at fair value through profit or loss, proceeds from sale of financial instruments at fair value through profit or loss, net settlement of derivatives FFX and net settlement of derivatives Futures instead of (increase)/decrease in net cost of investments. The change in presentation has no impact on the net cash inflow(outflow) from operating activities.

In Note 4.1.1 which discloses holdings of monetary assets the prior year's numbers included equity securities incorrectly. This category of investment has now been excluded.

The financial statements for the year ended 31 March 2022 were rounded to the actual nearest dollar. The comparatives have been rounded to the nearest thousand dollars (\$'000) as outlined in the basis of preparation disclosure. The numbers are unchanged apart from the above-mentioned changes.

#### Standards and amendments to existing standards effective 1 April 2022 impacting the Funds

There are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2022 that have a material effect on the financial statements of the Funds.

#### Issued but not yet effective accounting standards

A number of new accounting standards and amendments to existing standards are issued or revised that are not yet effective as at 31 March 2023. They have been identified as not applicable or relevant to the Fund.

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 amends the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013, and the Public Audit Act 2001 which requires impacted entities to start making climate-related disclosures. The Funds is expected to publish climate related statements for annual periods beginning on or after 1 January 2023 based upon climate standards issued by the External Reporting Board (XRB). The first climate statement will be required to be prepared for the year ending 31 March 2024.

The Manager will continue to monitor developments associated with climate related disclosures.

#### 2.2 Financial instruments

##### (a) Classification

##### Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

##### (i) Financial assets at fair value through the profit or loss

Financial assets at fair value through the profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9: *Financial Instruments*. The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Financial assets measured at fair value through profit or loss comprise of equities, funds/unit trusts and derivative instruments. The Funds do not hold any debt securities.

## Notes to the Financial Statements

### (ii) Financial assets at amortised cost

(a) Cash and cash equivalents include cash in hand and deposits held at call with banks in New Zealand dollars and foreign currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Funds' main income generating activity.

(b) Outstanding settlements receivable represent receivables for securities sold that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. The due from brokers balance is held for collection.

(c) Receivables include margin accounts, interest, dividends and contributions receivables. Cash collateral provided by the Funds is identified in the Statements of Financial Position as margin accounts and is not included as a component of cash and cash equivalents.

### Financial liabilities

#### (i) Financial liabilities at fair value through the profit or loss

Financial liabilities at fair value through the profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. All financial liabilities are now mandatorily measured at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

#### (ii) Financial liabilities at amortised cost

(a) Outstanding settlements payable represent payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively.

(b) Payables are amounts representing liabilities and accrued expenses owing by the Funds at year end and may include related party fees.

The Fund's policy requires the Board of Directors of the Manager, to evaluate the information about financial assets and liabilities on a fair value basis together with other related financial information.

### (b) Recognition, derecognition and measurement

#### (i) Financial assets and liabilities at fair value through the profit or loss

The Funds recognise financial assets and liabilities at fair value through the profit or loss on the date they become parties to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. This occurs upon maturity or disposal of the asset. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at fair value through the profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statements of Comprehensive Income when they arise. Any gain or loss arising on derecognition of the financial asset or financial liability at fair value through profit or loss is included in the Statements of Comprehensive Income in the period the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item. Interest and dividend income are separately recognised in the Statements of Comprehensive Income. Purchases and sales of investments are recognised on the trade date, the date on which the Funds commit to purchase or sell the investment.

#### (ii) Financial assets and liabilities at amortised cost

The Funds recognise financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value. Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all of the risks and rewards of ownership. This occurs upon maturity or disposal of the asset. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires. Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance of the financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa (as rated by external rating agencies). Any contractual payment which is more than 90 days past due is considered credit impaired as there is risk of non-recovery.

### (c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date in the principal or, in its absence, the most advantageous market to which the Funds had access at that date. The fair value of a liability reflects its non-performance risk.

#### Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance date without any deduction for estimated future selling costs. Financial assets and liabilities are priced at last traded price. Where the last sale price falls outside of the bid-ask spread for a particular security, bid price will be used to value the investment.



## Notes to the Financial Statements

### *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Funds' investments in other funds are subject to the terms and conditions of the respective funds' offering documentation. The investments in other funds are primarily valued based on the latest available net asset value (NAV) price of such units for each other fund investment, as determined by the other funds' administrators. The Funds review the details of the reported information obtained from the other funds and consider: the liquidity of the other fund or its underlying investments; the value date of the net asset value provided; and restrictions on redemptions; and the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information is obtained from the other funds' advisors.

The rights of the Funds to request redemption of their investments in other funds may vary in frequency from daily to weekly redemptions. As a result, the carrying values of the other funds may not be indicative of the values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in other funds in which the Funds have invested.

If necessary, the Funds make adjustments to the net asset value of various other fund investments to obtain the best estimate of fair value. Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statements of Comprehensive Income include the change in fair value of financial instruments of each fund.

### *Fair value of forward foreign exchange contracts*

Forward foreign exchange contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on its non-New Zealand dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. The fair value of forward foreign exchange contracts is determined using valuation techniques based on spot exchange rates and forward points supplied by WM/Reuters. The Funds recognise a gain or loss equal to the change in fair value at the balance date.

### *Fair value of futures*

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. The fair value of futures contracts is based on quoted market prices at balance date.

## **2.3 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## **2.4 Net assets attributable to unitholders**

All units issued by the Funds are puttable instruments and are redeemable at the unitholders' option. Redemption may take place at the redemption price on any business day after appropriate notice. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if Unitholders exercised their right to put the units back to the Funds.

The Russell Investments Hedged Global Shares Fund and the Russell Investments Global Listed Infrastructure Fund are single class portfolios. The units of these funds are classified as equity instruments in accordance with revised NZ IAS 32, 'Financial Instruments: Presentation'. The Funds continue to assess the classification of the redeemable units to ensure they have all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32.

The Russell Investments Global Shares Fund was a single class fund until 7 December 2021 converting to a multi class fund on the 8 December 2021 having two classes; a Global Shares Fund - unhedged class portfolio and a Global Shares Fund - NZD hedged class portfolio. The units until 7 December 2021 were classified as equity and from 8 December 2021 were classified as financial liabilities as the classes do not have identical features.

The Russell Investments Sustainable Global Shares Fund is a multi-class fund having two classes; a Sustainable Global Shares Fund - unhedged class portfolio and a Sustainable Global Shares Fund - NZD hedged class portfolio. The units in each class of the Russell Investment Sustainable Global Shares Fund do not have identical features and are therefore classified as financial liabilities.

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds and any initial service fee (if any). Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption adjusted for a margin spread ranging from 5bps to 25bps for the respective Funds. The margin spreads on applications and redemptions are to cover costs associated with the transactions. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market value for the purpose of determining the net asset value per unit for subscriptions and redemptions.

## **2.5 Investment income**

### *Interest income*

Interest earned on financial assets held at amortised cost, including cash and cash equivalents and the margin accounts are included as Interest income in the Statements of Comprehensive Income on an accruals basis.

### *Dividend and distribution income*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statements of Changes in Net Assets Attributable to Unitholders as a unitholder tax liability.

## Notes to the Financial Statements

### *Net gains and losses on financial assets at fair value through profit or loss*

Realised and unrealised gains and losses are reflected in the Statements of Comprehensive Income as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior periods unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

### **2.6 Interest expense**

Interest expense are included in the Statements of Comprehensive Income on an accruals basis. Interest expense includes interest paid or payable on cash and cash equivalents in overdraft during the year.

### **2.7 Expenses**

All expenses, including the Funds' management fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

### **2.8 Foreign currency translation**

#### *(a) Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The functional currency for the Funds is the New Zealand dollar, which reflects the currency in which the Funds compete for funds and are regulated. The Funds' investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Funds is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in New Zealand dollars, which is also the Funds' presentation currency.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at balance date.

Foreign exchange gains and losses resulting from translation are included in the Statements of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statements of Comprehensive Income within 'Other foreign exchange gains/(losses)'.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the Statements of Comprehensive Income within 'net gains/(loss) on financial assets and liabilities at fair value through profit or loss'.

### **2.9 Income tax**

The Funds qualify as and have each elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statements of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their interest in the Funds. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" which is capped at 28% on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

### **2.10 Distribution to unitholders**

Distributions may be made from the Funds in accordance with the terms of the Trust Deed, the relevant Establishment Deed and the distribution policy for the fund. Amounts that are not distributed, remain invested as part of the assets of the relevant Fund. Proposed distributions to unitholders are recognised in the Statements of Changes in Net Assets Attributable to Unitholders when they are appropriately authorised and no longer at the discretion of the Funds' Manager.

Unitholders have the choice to automatically reinvest their distributions. The reinvestment is made on the first available ex distribution net asset value price for the relevant Fund.

### **2.11 Goods and services tax (GST)**

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

## Notes to the Financial Statements

### 3. Critical accounting estimates and judgements

The Manager of the Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Fair value of securities not quoted in an active market*

The valuation models employed use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of investments in other funds have been fair valued in accordance with the policies set out above in note 2.2 (c).

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

## Notes to the Financial Statements

### 4. Financial risk management

#### 4.1 Financial risk factors

The Trust Deed for the Funds requires the Manager to invest the assets of each Fund in accordance with the Statement of Investment Policy and Objectives ("SIPO") in order to manage risk. The Funds' activities expose them to a variety of financial risks: market risk (market price risk, currency risk, cashflow interest rate risk), credit risk and liquidity risk. The Funds' overall risk management programme seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds' financial performance.

All securities investments present a risk of loss of capital. The Funds hold various financial instruments such as listed equities and unlisted unit trusts where the maximum loss of capital is limited to the carrying value of those positions.

At 31 March 2022 Russell Investments Hedged Global Shares Fund was also indirectly exposed to risk factors such as credit risk and interest rate risk via its investments in the Russell Investments Global Shares Fund (refer to the Related parties note 8). The risk management note outlined below is not prepared on a look through basis.

In addition to internal risk management carried out by the Manager and the Investment Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Supervisor and set out in the Funds' SIPO and Product Disclosure Statements ("PDS").

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

#### 4.1.1 Market risk

##### (a) Price risk

The Funds are exposed to price risk due to their investments in managed funds and listed equities for which prices in the future are uncertain. The Funds manage their price risk by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The table below summarises the sensitivity of the Funds' net assets attributable to Unitholders to movements in prices including the effect of movements in foreign currency exchange rates, as at 31 March. If prices for the Funds' investments had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders:

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>\$'000</b>							
<b>As at 31 March</b>							
5% increase in prices	<b>22,458</b>	31,634	<b>12,241</b>	18,491	<b>23,909</b>	19,446	<b>5,542</b>
5% decrease in prices	<b>(22,458)</b>	(31,634)	<b>(12,241)</b>	(18,491)	<b>(23,909)</b>	(19,446)	<b>(5,542)</b>

##### (b) Foreign exchange risk

Foreign currency risk, as defined in NZ IFRS 7, 'Financial Instruments: Disclosures', arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

The Funds may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. As the nature of these contracts is to manage the international investment activities, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities.

## Notes to the Financial Statements

### 4.1.1 Market risk (continued)

At balance date the Funds had the following foreign currency exposures due to holdings of monetary assets (expressed in NZD equivalents):

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022 Restated *	2023	2022	2023	2022 Restated *	2023
<b>Monetary assets</b>							
Australian dollar (AUD)	136	99	-	-	139	174	214
Canadian dollar (CAD)	68	496	-	-	34	27	63
Euro (EUR)	135	126	-	-	30	26	263
Great British pound (GBP)	2,961	2,609	-	-	192	137	45
Japanese yen (JPY)	850	3,399	-	-	226	188	10
United States dollar (USD)	866	2,723	-	-	363	470	472
Other currencies	1,972	2,923	-	-	360	197	73
<b>Forward foreign exchange contracts - Notional value</b>							
Australian dollar (AUD)	(4,400)	(2,284)	-	-	(5,025)	(4,694)	(11,099)
Canadian dollar (CAD)	(759)	(2,931)	-	-	(7,842)	(7,625)	(10,628)
Euro (EUR)	(11,434)	(7,109)	-	-	(25,860)	(20,584)	(21,169)
Great British pound (GBP)	(53,538)	(67,353)	-	-	(10,038)	(8,857)	(2,526)
Japanese yen (JPY)	(32,846)	(51,733)	-	-	(14,455)	(12,971)	(2,453)
United States dollar (USD)	(72,098)	(108,374)	-	-	(153,236)	(126,169)	(55,354)
Other currencies	(38,347)	(57,236)	-	-	(36,043)	(27,636)	(8,020)

\* Refer to Basis of preparation - Restatement of comparatives note.

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on monetary assets at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Monetary assets</b>							
Exchange rates increased by 5%	10,322	14,232	-	-	12,558	10,366	5,505
Exchange rates decreased by 5%	(10,322)	(14,232)	-	-	(12,558)	(10,366)	(5,505)

At balance date the Funds had the below foreign currency exposures due to holdings of monetary liabilities.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Monetary liabilities</b>							
Australian Dollar (AUD)	(69)	(70)	-	-	(84)	(1)	-
Canadian dollar (CAD)	(263)	(236)	-	-	-	-	-
Euro (EUR)	(728)	(2,307)	-	-	-	-	-
Great British pound (GBP)	-	(602)	-	-	-	-	-
Japanese yen (JPY)	(730)	-	-	-	-	-	-
United States Dollar (USD)	(4,961)	(6,863)	-	-	(1,995)	(907)	-
Other currencies	(746)	(1,018)	-	-	-	-	-

## Notes to the Financial Statements

### 4.1.1 Market risk (continued)

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders on monetary liabilities at balance date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>\$'000</b>							
As at 31 March							
<b>Monetary liabilities</b>							
Exchange rates increased by 5%	375	555	-	-	104	45	-
Exchange rates decreased by 5%	(375)	(555)	-	-	(104)	(45)	-

### (c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

The following table represents the maturity profile of financial instruments subject to interest rate risk at 31 March:

### Financial assets at amortised cost

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>\$'000</b>							
As at 31 March							
<b>Margin accounts</b>							
Less than 1 year	6,105	11,102	-	-	153	-	275
<b>Cash and cash equivalents</b>							
Less than 1 year	18,507	38,075	100	67	8,249	17,299	5,020

## Notes to the Financial Statements

### 4.1.1 Market risk (continued)

#### Cashflow interest rate risk

The Funds hold cash and cash equivalents in New Zealand dollars that expose the Funds to cash flow interest rate risk.

The table below summarises the impact on the Statements of Comprehensive Income and Net Assets Attributable to Unitholders had the relevant interest rates increased or decreased by 1% at balance date with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in interest rates with regard to historical volatility.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Increase of 1%	185	381	1	1	82	173	50
Decrease of 1%	(185)	(381)	(1)	(1)	(82)	(173)	(50)

These movements arise substantially from the cash flow variability from cash and cash equivalents.

### 4.1.2 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 Funds. The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Financial Position. There is a risk of non-recovery. The Funds may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Funds to credit risk consist primarily of cash equivalents, trade and other receivables including amounts receivable for unsettled investment trades. All transactions in listed securities are settled/paid for upon delivery using approved brokers.

In accordance with the Funds policy, the Investment Manager monitors the Fund's credit positions on a daily basis.

The Funds measure credit risk and expected credit losses using the probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. There is no risk of default relating to contributions receivable by the Funds as this receivable has arisen only due to timing between the date of receipt of the funds and when the units are allocated and the receipts processed. The Funds invest cash with banks registered in New Zealand and internationally. At 31 March 2023, cash is held with counterparties with Standards&Poors credit ratings of A+ or higher. Management considers the probability of default for the cash and term deposits to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As such, no loss allowance is deemed necessary on 12-month expected credit losses.

The following table sets out the equivalent Standard and Poor's credit rating for cash and cash equivalents and foreign exchange contracts held by the Funds.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Cash and cash equivalents							
High Grade (AA-)	16,069	33,742	100	67	7,579	16,582	4,826
Upper Medium Grade (A+)	2,438	4,333	-	-	670	717	194
Forward foreign exchange contracts							
High Grade (AA-)	-	6,150	-	-	749	1,342	348
Upper Medium Grade (A+/A /A-)	3,561	10,838	-	-	2,476	7,990	1,233
Medium Grade (BBB+)	-	-	-	-	624	-	60

## Notes to the Financial Statements

### 4.1.3 Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to daily redemptions of units. The liquidity policy applied by the Manager is dependent on the type of investments held by the Funds. For the Hedged Global Shares Fund the policy is to be fully invested in unlisted unit trusts that provide adequate liquidity. For the Global Shares Fund, Global Listed Infrastructure Fund and Sustainable Global Shares Fund, that hold direct assets, the investment mandate allocates a proportion of investable assets to cash and cash equivalents that can be realised to fund withdrawals. Withdrawals from the Funds are generally paid within 30 days of the request. The Manager considers this as part of monitoring the liquidity of the Funds.

The following table analyses each of the Funds' financial liabilities and derivative financial instruments in a loss position based on a contractual maturity basis rather than on an expected maturity basis, as the expected maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows. The amounts in the table are the contractual undiscounted cash flows.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Financial liabilities at fair value through profit or loss							
1 - 3 Months	3,047	8,428	-	-	326	964	74
3 - 6 Months	-	-	-	-	-	-	-
6 - 12 Months	-	-	-	-	-	-	-
1 - 2 Years	-	-	-	-	-	-	-
2- 5 Years	-	-	-	-	-	-	-
5+ Years	-	-	-	-	-	-	-
Outstanding settlements payable							
1 - 7 days	1,135	2,528	-	-	-	-	-
Management fees payable							
7 days to 1 month	107	175	98	202	59	74	50
Withdrawals payable							
1 - 7 days	-	-	-	-	-	-	-
Distributions payable							
1 - 7 days	1,288	-	1,425	-	3,212	-	1,378
Margin accounts							
1 - 7 days	-	-	-	-	-	72	-
Other payables							
7 days to 1 month	10	75	96	47	94	45	78



## Notes to the Financial Statements

### 4.2 Capital risk management

The Funds' capital is represented by the net assets attributable to Unitholders. The Funds' objective when managing capital is to provide returns for Unitholders through investing and to employ an established Investment Manager who manages a diversified portfolios of funds.

If a redemption request or a series of redemption requests in respect of a Fund are received within a period of 60 business days that in total comprise more than 10% of the number of units on issue in that Fund, and the Manager determines it is in the interest of the Fund's unitholders to defer immediate redemption of the total Units requested, the Manager will determine a basis for redemption that it considers to be in the general interests of all the Fund's unitholders.

The Manager may suspend redemptions where the Manager in good faith forms the opinion that it is not practicable, or would be materially prejudicial to the interests of Unitholders of any of the Funds for the Supervisor to realise assets or borrow in order to permit redemption of units.

The Funds do not have any externally imposed capital requirements. Units may be redeemed at any time during the month, subject to the receipt of the redemption request.

Neither the Supervisor, the Manager, or any other party guarantee the units offered by the Funds, the performance or returns of the Funds or the repayment of capital.

### 4.3 Fair value estimation

All financial assets and financial liabilities included in the Statements of Financial Position, are carried at amounts that represent or approximate fair value. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Funds is the last traded price. The price used for unlisted unit trusts is the published NAV price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

NZ IFRS 13 : *Fair value measurements* - requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

\* Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

\* Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

\* Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Funds' financial assets and financial liabilities (by class) measured at fair value at the period end:

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Level 1 Assets</b>							
<i>Financial assets at fair value through profit or loss</i>							
Futures	5,218	9,889	-	-	485	920	177
Listed equities	444,789	617,639	-	-	477,582	379,797	110,672
<b>Total Level 1 Assets</b>	<b>450,007</b>	<b>627,528</b>	<b>-</b>	<b>-</b>	<b>478,067</b>	<b>380,717</b>	<b>110,849</b>
<b>Level 2 Assets</b>							
<i>Financial assets at fair value through profit or loss</i>							
Forward foreign exchange contracts	2,309	13,588	-	-	2,602	8,201	1,228
Unlisted funds	-	-	244,820	369,820	117	-	-
<b>Total Level 2 Assets</b>	<b>2,309</b>	<b>13,588</b>	<b>244,820</b>	<b>369,820</b>	<b>2,719</b>	<b>8,201</b>	<b>1,228</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>452,316</b>	<b>641,116</b>	<b>244,820</b>	<b>369,820</b>	<b>480,786</b>	<b>388,918</b>	<b>112,077</b>

## Notes to the Financial Statements

### 4.3 Fair value estimation (Continued)

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Level 1 Liabilities</b>							
<i>Financial liabilities at fair value through profit or loss</i>							
Futures	(852)	(7,151)	-	-	-	-	-
<b>Level 2 Liabilities</b>							
<i>Financial liabilities at fair value through profit or loss</i>							
Forward foreign exchange contracts	(3,047)	(1,277)	-	-	(326)	(964)	(74)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(3,899)</b>	<b>(8,428)</b>	<b>-</b>	<b>-</b>	<b>(326)</b>	<b>(964)</b>	<b>(74)</b>

There have been no transfers between the different classifications during the financial year for any of the Funds. Transfers between levels of the fair value hierarchy, if any, for the purpose of preparing the table below, are deemed to occur at the beginning of the reporting period.

### 4.4 Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2023, the Global Shares Fund, Sustainable Global Shares Fund and Global Listed Infrastructure Fund were subject to an International Swaps and Derivatives Association (ISDA) arrangement with the following derivative counterparties: UBS Warburg, Royal Bank of Canada, Standard Chartered Bank, Bank of Montreal and Barclays Capital. According to the terms of the ISDA arrangement with the respective counterparties all the derivatives are settled net.

The following tables present the Fund's Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<i>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</i>							
Gross amounts of recognised financial assets	8,779	16,989	-	-	4,333	9,332	1,818
Gross amounts of recognised financial liabilities set-off in the statement of financial position	(1,252)	(3,401)	-	-	(1,246)	(1,131)	(414)
<b>Net amounts of financial assets presented in the statement of financial position</b>	<b>7,527</b>	<b>13,588</b>	<b>-</b>	<b>-</b>	<b>3,087</b>	<b>8,201</b>	<b>1,404</b>
<i>Related amounts not set-off in the statement of financial position</i>							
Financial instruments	(2,237)	(1,277)	-	-	(296)	(964)	(38)
<b>Net amount</b>	<b>5,290</b>	<b>12,311</b>	<b>-</b>	<b>-</b>	<b>2,791</b>	<b>7,237</b>	<b>1,366</b>
<i>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</i>							
Gross amounts of recognised financial liabilities	4,299	4,678	-	-	1,572	2,095	488
Gross amounts of recognised financial assets set-off in the statement of financial position	(1,252)	(3,401)	-	-	(1,246)	(1,131)	(414)
<b>Net amounts of financial liabilities presented in the statement of financial position</b>	<b>3,047</b>	<b>1,277</b>	<b>-</b>	<b>-</b>	<b>326</b>	<b>964</b>	<b>74</b>
<i>Related amounts not set-off in the statement of financial position</i>							
Financial instruments	(2,237)	(1,277)	-	-	(295)	(964)	(39)
Cash collateral	-	-	-	-	-	-	-
<b>Net amount</b>	<b>810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>35</b>

## Notes to the Financial Statements

### 4.4 Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Each party has the option to settle all open contracts on a net basis in the event of default by the other party. Per the terms of the ISDA agreement, an event of default includes the following:

- \* failure by a party to make a payment when due
- \* failure by a party to perform an obligation required by the agreement (other than payment) if such failure is not remedied within 30 days after such notice of such failure is given to the party
- \* bankruptcy

The related amounts not set-off in the Statements of Financial Position represent amounts that have not been offset in the Statements of Financial Position but could be expected to be offset in the event of default by either the Fund or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset. For cash collateral this is the value of cash that could be withheld by the counterparty to settle derivative liabilities.

### 5. Financial assets at fair value through profit or loss

\$'000	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>As at 31 March</b>							
<b>Measured at fair value through profit or loss</b>							
Listed equities	444,789	617,639	-	-	477,582	379,797	110,672
Unlisted funds	-	-	244,820	369,820	117	-	-
Forward foreign exchange contracts	2,309	13,588	-	-	2,602	8,201	1,228
Futures	5,218	9,889	-	-	485	920	177
<b>Total financial assets at fair value through profit or loss</b>	<b>452,316</b>	<b>641,116</b>	<b>244,820</b>	<b>369,820</b>	<b>480,786</b>	<b>388,918</b>	<b>112,077</b>

### 6. Financial liabilities at fair value through profit or loss

\$'000	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>As at 31 March</b>							
<b>Measured at fair value through profit or loss</b>							
Forward foreign exchange contracts	3,047	1,277	-	-	326	964	74
Futures	852	7,151	-	-	-	-	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>3,899</b>	<b>8,428</b>	<b>-</b>	<b>-</b>	<b>326</b>	<b>964</b>	<b>74</b>

## Notes to the Financial Statements

### 7. Financial instruments by category

\$'000	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>As at 31 March</b>							
<b>Financial assets at fair value through profit or loss</b>							
Financial assets measured at fair value through profit or loss	452,316	641,116	244,820	369,820	480,786	388,918	112,077
<b>Total financial assets at fair value through the profit or loss</b>	<b>452,316</b>	<b>641,116</b>	<b>244,820</b>	<b>369,820</b>	<b>480,786</b>	<b>388,918</b>	<b>112,077</b>
<b>Financial assets at amortised cost</b>							
Cash and cash equivalents	18,507	38,075	100	67	8,249	17,299	5,020
Margin accounts	6,105	11,102	-	-	153	-	275
Other receivables	1,472	1,877	30	42	783	537	335
Outstanding settlements receivable	1,164	2,366	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>27,248</b>	<b>53,420</b>	<b>130</b>	<b>109</b>	<b>9,185</b>	<b>17,836</b>	<b>5,630</b>
<b>Total financial assets</b>	<b>479,564</b>	<b>694,536</b>	<b>244,950</b>	<b>369,929</b>	<b>489,971</b>	<b>406,754</b>	<b>117,707</b>

	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Financial liabilities at fair value through profit or loss</b>							
Financial liabilities measured at fair value through profit or loss	3,899	8,428	-	-	326	964	74
<b>Total financial liabilities at fair value through the profit or loss</b>	<b>3,899</b>	<b>8,428</b>	<b>-</b>	<b>-</b>	<b>326</b>	<b>964</b>	<b>74</b>
<b>Financial liabilities at amortised cost</b>							
Management fees payable	107	175	98	202	59	74	50
Distributions payable	1,288	-	1,425	-	3,212	-	1,378
Margin account	-	-	-	-	-	72	-
Other payables	10	75	96	47	94	45	78
Outstanding settlements payable	1,135	2,528	-	-	-	-	-
Net assets attributable to unitholders	472,864	683,143	-	-	486,239	405,599	-
<b>Total financial liabilities at amortised cost</b>	<b>475,404</b>	<b>685,921</b>	<b>1,619</b>	<b>249</b>	<b>489,604</b>	<b>405,790</b>	<b>1,506</b>
<b>Total financial liabilities</b>	<b>479,303</b>	<b>694,349</b>	<b>1,619</b>	<b>249</b>	<b>489,930</b>	<b>406,754</b>	<b>1,580</b>

## Notes to the Financial Statements

### 8. Related parties

#### 8.1 Key management and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. This includes the Board and members of senior leadership team of; FundRock NZ Limited, Investment Manager, and the Supervisor.

As outlined in the Funds' PDS, the Funds incur the following management fees including GST, as a percentage of the net asset value per annum:

Global Shares Fund	0.89%/0.92%	Unhedged Sub-Fund/NZD Hedged Sub-Fund
Hedged Global Shares Fund	0.92%	
Sustainable Global Shares Fund	0.34%/0.36%	Unhedged Sub-Fund/NZD Hedged Sub-Fund
Gobal Listed Infrastructure Fund	1.05%	

GST is currently charged at various rates driven by the nature of the service provided including exempt services such as custody and up to 15% for other services. The management fees, administration expenses and other expenses include fees paid to the Investment Manager, the Manager for hosting the Fund, the Supervisor, the Custodian and Administration Manager, bank charges and other various costs and expenses incurred.

Management fees payable are payable to the Manager.

The Supervisor of the Fund is Public Trust. For the year/period ended 31 March 2023 the Supervisor fee payable with respect to the Funds amounted to \$167,761 excluding GST (31 March 2022: \$66,515) and was paid by the Manager.

The registry provider for the Funds is Apex Investment Administration (NZ) Limited and they share the same parent company as the Manager. Apex only became a related party this year. For the period ended 31 March 2023 total fees charged to the Funds amounted to \$110,013 (31 March 2022: nil).

Audit fees for the year have been paid by the Manager on behalf of the Funds. The total audit fee for the year ended 31 March 2023 for all the Funds was \$92,000 excluding GST (31 March 2022 \$65,000 excluding GST).

Management fees rebates receivables are disclosed in the Statements of Financial Position.

As at 31 March 2023 and 31 March 2022 no directors of the Manager, Investment Manager or the Supervisor or close family members or entities that are controlled, jointly controlled or significantly influenced by the directors or close family members of the Manager, Investment Manager or Supervisor held any investment interest in the Funds.

As at 31 March 2023 and 31 March 2022, the Manager held no units in the Russell Investment Funds.

The Russell Investment related party component of the management fees;

- i. The Global Shares Fund (unhedged class) is 0.89%
- ii. The Global Shares Fund (hedged class) is 0.92%
- iii. The Hedged Global Shares Fund is 0.92%
- iv. The Sustainable Global Shares Fund (unhedged class) is 0.34% (changed to 0.32% on 13 April 2023)
- v. The Sustainable Global Shares Fund (hedged class) is 0.36% (changed to 0.34% on 13 April 2023)
- vi. The Global Listed Infrastructure Fund is 1.05% (changed to 0.85% on 13 April 2023)

#### Investments held by related party investors in the Funds at year end:

\$'000	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
As at 31 March							
InvestNow KiwiSaver Scheme	1,177	126	605	150	-	-	-

#### 8.2 Related party investments

The Russell Investments Hedged Global Shares Fund invests into units of the Russell Investments Global Shares Fund, which is managed by the Investment Manager, a related party of the Fund.

## Notes to the Financial Statements

### 8.2 Related party investments (Continued)

Investments held by the Russell Investment Funds and income earned on funds managed by Russell Investment Management Limited as at balance date are outlined below:

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Russell Global Shares Fund	-	-	244,820	369,820	-	-	-
	-	-	244,820	369,820	-	-	-

The total income and gains earned and losses suffered on the investments with related parties were:

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Russell Global Opportunities Fund Class D	-	13,566	-	-	-	-	-
Russell Global Opportunities Fund NZ Hedged Class A	-	-	-	(425)	-	-	-
Russell Global Shares Fund	-	-	(27,507)	(387)	-	-	-
	-	13,566	(27,507)	(812)	-	-	-

### 9. Interest income/(expense)

\$'000 For the year/period ended 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
<b>Interest income at amortised cost:</b>							
Margin accounts & cash and cash equivalents	750	40	3	-	458	19	193
<b>Total net interest income</b>	<b>750</b>	<b>40</b>	<b>3</b>	<b>-</b>	<b>458</b>	<b>19</b>	<b>193</b>

## Notes to the Financial Statements

### 10. Reconciliation of operating profit/(loss) to net cash outflow from operating activities

\$'000 For the year/period ended 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022 Restated *	2023	2022 Restated *	2023	2022 Restated *	2023
Operating profit/(loss)	(14,890)	(8,001)	(29,892)	(2,921)	(10,744)	(19,250)	3,853
<b>Adjustments for</b>							
Purchase of financial instruments at fair value through profit or loss	(231,017)	(185,586)	-	(30,332)	(113,671)	(253,203)	(104,495)
Proceeds from sale of financial instruments at fair value through profit or loss	412,584	233,481	2,893	4,240	21,679	6,021	100,911
Net settlement of derivatives FFX	(8,963)	(1,441)	-	-	(16,770)	(904)	(9,253)
Net settlement of derivatives Futures	(13,734)	(4,661)	-	-	(1,169)	(926)	618
Net loss/(gain) on financial assets and liabilities at fair value through profit or loss	25,723	25,408	27,507	18,560	17,129	19,124	(1,976)
Foreign exchange (losses)/gains	(758)	(520)	-	-	267	1,095	(41)
Less dividends/distributions reinvested	-	(13,922)	-	(17,749)	(4)	-	(6)
Decrease/(increase) in trade and other receivables	405	(1,877)	12	(42)	(246)	(536)	(294)
(Decrease)/increase in trade and other payables	(134)	107	(55)	109	34	119	128
Movement in margin accounts	4,997	(11,102)	-	-	(225)	72	(275)
<b>Total adjustments</b>	<b>189,103</b>	<b>39,887</b>	<b>30,357</b>	<b>(25,214)</b>	<b>(92,976)</b>	<b>(229,138)</b>	<b>(14,683)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>174,213</b>	<b>31,886</b>	<b>465</b>	<b>(28,135)</b>	<b>(103,720)</b>	<b>(248,388)</b>	<b>(10,830)</b>

\* Refer to Basis of preparation - Restatement of comparatives note.

### 11. Units on issue (by type of class)

For those funds that are multi class only, their breakdown is contained in the table below.

For the year/period ended 31 March 2023	Global Shares Fund		Hedged Global Shares Fund	Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	Unhedged class	Hedged class		Unhedged class	Hedged class	
Units on issue at the beginning of the year/period	122,990	370,412	132,600	180,384	244,760	-
Units issued	6,111	26,336	10,024	62,979	63,071	116,860
Units redeemed	(43,223)	(135,354)	(47,606)	(12,148)	(3,702)	(2,052)
<b>Units on issue at the end of the year/period</b>	<b>85,878</b>	<b>261,394</b>	<b>95,018</b>	<b>231,215</b>	<b>304,129</b>	<b>114,808</b>
<b>For the year/period ended 31 March 2022</b>						
Units on issue at the beginning of the year/period	39,815	-	36,890	-	-	-
Units issued	101,276	392,378	105,629	182,685	244,787	-
Units redeemed	(18,101)	(21,966)	(9,919)	(2,301)	(27)	-
<b>Units on issue at the end of the year/period</b>	<b>122,990</b>	<b>370,412</b>	<b>132,600</b>	<b>180,384</b>	<b>244,760</b>	<b>-</b>

## Notes to the Financial Statements

### 11.b Units in dollar value (by type of class)

\$'000 As at 31 March 2023	Global Shares Fund		Hedged Global Shares Fund *	Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	Unhedged class	Hedged class *		Unhedged class	Hedged class	
<b>Funds attributable to unitholders at the end of the year/period</b>	<b>228,910</b>	<b>243,954</b>	<b>243,064</b>	<b>218,446</b>	<b>267,793</b>	<b>116,078</b>

\* The Russell Hedged Global Shares Fund invests in the Russell Global Shares Fund (Hedged class). The 'Funds attributable to unitholders at the end of the year/period' for the Russell Global Shares Fund (Hedged class) reflects underlying global security prices for 31 March 2023. Therefore, the difference in the 'Funds attributable to unitholders at the end of the year/period' for the Russell Global Shares Fund (Hedged class) and the Russell Hedged Global Shares Fund, is due to price valuation and timing.

### As at 31 March 2022

<b>Funds attributable to unitholders at the end of the year/period</b>	<b>318,310</b>	<b>364,833</b>	<b>369,484</b>	<b>168,920</b>	<b>236,679</b>	<b>-</b>
--	----------------	----------------	----------------	----------------	----------------	----------

### 12. Non-cash transactions

During the year/period, the Funds had in-specie transactions, the details of non-cash transactions are as follows:

\$'000 As at 31 March	Global Shares Fund		Hedged Global Shares Fund		Sustainable Global Shares Fund		Global Listed Infrastructure Fund
	2023	2022	2023	2022	2023	2022	2023
Dividends reinvested	-	13,922	-	17,748	4	-	6
Sale of investment securities	-	318,216	118,307	405,007	-	-	-
Purchase of investment securities	-	(904,328)	(23,707)	(652,182)	-	(159,183)	(97,812)
Subscriptions from unitholders	-	586,112	23,707	268,224	-	159,183	97,812
Redemptions by unitholders	-	-	(118,307)	(21,049)	-	-	-

### 13. Assets and liabilities not carried at fair value but for which fair value is disclosed

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents (including the margin account) referred to in Note 7 include cash on hand, deposits held with banks and brokers and other short-term investments in an active market.

Outstanding settlements represent the contractual amount due by the Funds for settlement of trades.

### 14. Commitments and contingent liabilities

There are no material commitments or contingencies as at 31 March 2023 (31 March 2022: none).

### 15. Events occurring after balance date

On 6 April 2023, the Manager, Implemented Investment Solutions Limited, changed its name to FundRock NZ Limited. There are no other significant subsequent events that require adjustment to or disclosure in these financial statements.





## Independent auditor's report

To the unitholders of:

- Russell Investments Global Shares Fund
- Russell Investments Hedged Global Shares Fund
- Russell Investments Sustainable Global Shares Fund
- Russell Investments Global Listed Infrastructure Fund

(Collectively referred to as the Funds)

---

### Our opinion

In our opinion, the accompanying financial statements of the Funds present fairly, in all material respects, in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS):

- the financial position of the Russell Investments Global Shares Fund, Russell Investments Hedged Global Shares Fund and Russell Investments Sustainable Global Shares Fund as at 31 March 2023, their financial performance and their cash flows for the year then ended (the year); and
- the financial position of the Russell Investments Global Listed Infrastructure Fund as at 31 March 2023, its financial performance and its cash flows for the period from 18 March 2022 to 31 March 2023 (the period).

### What we have audited

The Funds' financial statements comprise:

- the statements of financial position as at 31 March 2023;
- the statements of comprehensive income for the year/period then ended;
- the statements of changes in net assets attributable to unitholders for the year/period then ended;
- the statements of cash flows for the year/period then ended; and
- the notes to the financial statements, which include 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)) 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 Funds 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.

We have audited the financial statements of certain other funds managed by FundRock NZ Limited (formerly Implemented Investment Solutions Limited), the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds on normal terms within the ordinary course of trading activities of the Funds. This has not impaired our independence as auditor of the Funds. We have no other relationships with, or interests in, the Funds.



**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/period. 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><b>Valuation and existence of financial assets and financial liabilities at fair value through profit or loss</b></p> <p>Refer to notes 5 and 6 to the financial statements for disclosures of financial assets and financial liabilities at fair value through profit or loss (financial instruments).</p> <p>This was an area of focus for our audit as it represents the majority of the net assets of the Funds.</p> <p><b>Valuation</b></p> <p>The fair value of the financial instruments traded in active markets are based on quoted market prices at 31 March 2023 and are categorised as level 1 in the fair value hierarchy.</p> <p>The fair value of the financial instruments that are not traded in an active market are determined using valuation techniques. The valuation technique depends on the underlying asset or liability and includes assumptions that are based on market conditions existing at 31 March 2023. Financial instruments with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy.</p> <p>The Funds' level 2 financial instruments include (where applicable) forward foreign exchange contracts and unlisted funds.</p> <p>The fair value of the unlisted funds is based on the redemption price established by the investment fund administrator. In assessing the fair value, the Manager uses information provided by the investment fund administrator.</p> <p>For financial instruments quoted in foreign currencies, these are translated to New Zealand dollars using the exchange rates at 31 March 2023.</p>	<p>We assessed the processes employed by the Manager, for recording and valuing the financial instruments including the relevant controls operated by a third party service organisation, the Administrator. Our assessment of the business processes included obtaining the internal controls report over investment accounting provided by the Administrator.</p> <p>We evaluated the evidence provided by the internal controls report over the design and operating effectiveness of the relevant controls operated by the Administrator.</p> <p>For all financial instruments where quoted market prices in an active market were available, we compared the market price at the reporting date to independent third party pricing sources.</p> <p>For forward foreign exchange contracts, we agreed the observable inputs to third party pricing sources and used our own valuation experts to test the fair value using independent valuation models.</p> <p>For unlisted funds, we agreed the redemption price at 31 March 2023 to the confirmation provided by the investment fund administrator.</p> <p>We evaluated the redemption price represents fair value by:</p> <ul style="list-style-type: none"> <li>• comparing the redemption price at 31 March 2023 to recent transactions to support the fair value of the unlisted funds; and</li> <li>• comparing the Net Asset Value per unit calculated based on the latest audited financial statements of the underlying unlisted fund to the published unit price on that date to provide evidence on reliability of unit pricing.</li> </ul> <p>We have assessed the reasonableness of the exchange rates used to translate financial instruments quoted in foreign currencies.</p> <p>We obtained confirmation from the Custodian and counterparties of the holdings of the financial instruments held by the Funds as at 31 March 2023.</p>



Description of the key audit matter	How our audit addressed the key audit matter
<b>Existence</b> Holdings of financial instruments are held by the custodian of the Funds (Custodian) on behalf of the Funds.	

## Our audit approach

### Overview

<b>Materiality</b>	We determined materiality for each Fund separately. Our materiality for each Fund is calculated based on approximately 1% of funds attributable to unitholders for each Fund.  We chose funds attributable to unitholders as the benchmark because, in our view, the objective of the Funds is to provide unitholders with a total return on the Funds' net assets, taking into account both capital and income returns.
<b>Key audit matters</b>	As reported above, we have one key audit matter, being Valuation and existence of financial assets and financial liabilities at fair value through profit or loss.

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 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 each Fund 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 each Fund 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 each Fund as a whole, taking into account the structure of each Fund, the Funds' investments and the accounting and registry processes and controls.

The Manager is responsible for the governance and control activities of the Funds. The Funds' investments are held by the Custodian. The Manager has outsourced investment accounting (Administrator) and registry services (Registrar) to third party service providers.

In completing our audit, we performed relevant audit procedures over the control environment of the Custodian, the Administrator, the Registrar and the Manager to support our audit conclusions.



---

### Other information

The Manager is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon which the Annual Report refers to.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

---

### 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, and for such internal control as the Manager determines is necessary to enable the preparation of 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 each Funds' 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 a Fund 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 each Fund's unitholders, 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 each Fund's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

---

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

For and on behalf of:

Chartered Accountants  
27 July 2023

Wellington