

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND
(FORMERLY FIRST SENTIER GLOBAL LISTED INFRASTRUCTURE FUND)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

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FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

DIRECTORY

THE MANAGER

FundRock NZ Limited
Level 2, 1 Woodward Street
Wellington

This is also the address of the registered office.

THE SUPERVISOR

Public Trust
Level 8, 22 Willeston Street
Private Bag 5902
Wellington 6140, New Zealand

DIRECTORS OF THE MANAGER

Anthony R J Edmonds
Ian H Russon
Jeremy B Valentine
Gareth Fleming

INVESTMENT MANAGER

First Sentier Investors (Australia) IM Limited

AUDITOR

PricewaterhouseCoopers
10 Waterloo Quay
PO Box 243
Wellington 6140 New Zealand

BANKERS

ANZ Bank New Zealand Limited
BNP Paribas

FUND ADMINISTRATOR AND CUSTODIAN

BNP Paribas Fund Services Australasia Pty Ltd

CORRESPONDENCE

All correspondence and enquiries about the First Sentier Responsible Listed Infrastructure Fund should be addressed to the Manager, FundRock NZ Limited, at the above address.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

First Sentier Responsible Listed Infrastructure Fund ("Fund") was constituted under a trust deed ("Trust Deed") dated 20 June 2013 between First Sentier Investors (Australia) IM Limited and Public Trust ("Supervisor") and a supplemental deed to the Trust Deed dated 22 September 2020 between Implemented Investment Solutions Limited (effective 6 April 2023 Implemented Investment Solutions Limited became known as FundRock NZ Limited) and the Supervisor.

STATEMENT BY THE MANAGER

In our opinion, the accompanying financial statements and notes are drawn up in accordance with generally accepted accounting practice in New Zealand and present fairly the financial position of the Fund as at 31 March 2023, and of the results of its financial performance and cash flows for the year ended on that date in accordance with the requirement of the Trust Deed dated 20 June 2013.

It is believed that there are no circumstances that may materially and adversely affect any interest of the Unitholders.

For and on behalf of the Manager:
FundRock NZ Limited



.....
Director **Anthony Edmonds**



.....
Director **Jeremy Valentine**

This Statement was approved for signing at a meeting of the Directors on 25 July 2023.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|------|------------------------|----------------------|
| INCOME | | | |
| Dividends | | 7,886 | 6,675 |
| Distributions | | 1,884 | 1,816 |
| Interest income on cash and cash equivalents | | 190 | 8 |
| Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss | 4 | (42,792) | 44,087 |
| Net foreign exchange gains/(losses) | | 1,802 | (164) |
| Other income | | 119 | 3 |
| TOTAL (LOSS)/INCOME | | <u>(30,911)</u> | <u>52,425</u> |
| EXPENSES | | | |
| Interest expense | | - | 1 |
| Management fees | 16 | 3,356 | 3,123 |
| Brokerage fees and other expenses | 5 | 174 | 213 |
| TOTAL EXPENSES | | <u>3,530</u> | <u>3,337</u> |
| NET (LOSS)/PROFIT | | (34,441) | 49,088 |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE (LOSS)/INCOME | | <u>(34,441)</u> | <u>49,088</u> |

The accompanying notes form part of and should be read in conjunction with these financial statements.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|-----------------------|-----------------------|
| UNITHOLDERS' FUNDS AT THE BEGINNING OF THE YEAR | | 495,149 | 298,799 |
| Net (loss)/profit and other comprehensive income for the year | | <u>(34,441)</u> | <u>49,088</u> |
| Total comprehensive (loss)/income | | (34,441) | 49,088 |
| Subscriptions from Unitholders | | 30,018 | 205,415 |
| Redemptions by Unitholders | | (172,542) | (49,495) |
| Distributions to Unitholders | | <u>(9,936)</u> | <u>(8,658)</u> |
| | | (152,460) | 147,262 |
| UNITHOLDERS' FUNDS AT THE END OF THE YEAR | 12b | <u>308,248</u> | <u>495,149</u> |

The accompanying notes form part of and should be read in conjunction with these financial statements.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| | Note | As at 31 March 2023 \$'000 | As at 31 March 2022 \$'000 |
|--|------|----------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 2,249 | 9,903 |
| Receivables | 8 | 647 | 2,714 |
| Financial assets at fair value through profit or loss | | | |
| Investment Securities | 6 | 301,908 | 472,636 |
| Derivatives | 7 | 4,693 | 14,925 |
| TOTAL ASSETS | | 309,497 | 500,178 |
| LIABILITIES | | | |
| Payables | 9 | 540 | 4,011 |
| Financial liabilities at fair value through profit or loss | | | |
| Derivatives | 7 | 709 | 1,018 |
| TOTAL LIABILITIES | | 1,249 | 5,029 |
| UNITHOLDERS' FUNDS | | 308,248 | 495,149 |
| TOTAL LIABILITIES AND UNITHOLDERS' FUNDS | | 309,497 | 500,178 |

For and on behalf of the Manager, FundRock NZ Limited, who authorised the issue of the financial statements on 25 July 2023.



Director **Anthony Edmonds**



Director **Jeremy Valentine**

The accompanying notes form part of and should be read in conjunction with these financial statements.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|-----------------|------------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Dividends | 8,150 | 6,511 |
| Distributions | 1,719 | 1,816 |
| Interest income | 164 | 7 |
| Realisation of investment securities | 398,006 | 213,892 |
| Other income | 119 | 3 |
| Operating expenses | (4,192) | (2,653) |
| Interest expense | - | (1) |
| Purchase of investment securities | (343,887) | (339,874) |
| Net settlement of derivatives | (34,501) | (20,905) |
| Net cash inflow/(outflow) from operating activities | 25,578 | (141,204) |
| 13 | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Subscriptions from Unitholders | 30,018 | 205,415 |
| Redemptions by Unitholders | (53,304) | (49,495) |
| Distributions to Unitholders | (9,936) | (8,658) |
| Net cash (outflow)/inflow from financing activities | (33,222) | 147,262 |
| Net (decrease)/increase in cash and cash equivalents held | (7,644) | 6,058 |
| Cash and cash equivalents at beginning of the year | 9,903 | 3,840 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (10) | 5 |
| Cash and cash equivalents at end of the year | 2,249 | 9,903 |
| Cash and cash equivalents comprise of: | | |
| Cash at bank | 2,249 | 9,903 |
| Cash and cash equivalents at end of the year | 2,249 | 9,903 |

The accompanying notes form part of and should be read in conjunction with these financial statements.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

The First Sentier Responsible Listed Infrastructure Fund ("Fund") (previously called First Sentier Global Listed Infrastructure Fund) is a for-profit managed investment fund domiciled in New Zealand and established under the Financial Markets Conduct Act 2013 ("FMC Act"). The financial statements for the Fund have been prepared in accordance with the Trust Deed. Implemented Investment Solutions Limited was appointed as Manager ("Manager") on 13 August 2018 (effective 6 April 2023 Implemented Investment Solutions Limited became known as FundRock NZ Limited). The Investment Manager (the "Investment Manager") of the Fund is First Sentier Investors (Australia) IM Limited. The Supervisor of the Fund is Public Trust. BNP Paribas Fund Services Australasia Pty Ltd ("BNP Paribas") is the custodian and administrator of the Fund.

The Fund was established under a Trust Deed dated 20 June 2013 and commenced operations on 13 December 2013.

The Fund aims to achieve capital growth and inflation protected income by investing in a globally diversified portfolio of infrastructure securities, with a focus on companies that the Investment Manager believes can contribute to or benefit from sustainable development.

The Fund aims to outperform the FTSE Developed Core Infrastructure ex – Pipelines Net Total Return Index (NZD hedged), after fees and expenses, but before investor taxes, over rolling five-year periods. Currency exposure will be hedged back into New Zealand dollars using forward currency contract derivatives.

Effective 5th October 2022, the fund changed its name to First Sentier Responsible Listed Infrastructure Fund from First Sentier Global Listed Infrastructure Fund.

2. BASIS OF PREPARATION

Reporting Period

These financial statements are for the year ended 31 March 2023. The comparative figures are for the year ended 31 March 2022.

Statement of Compliance

The financial statements have been prepared in accordance with the Trust Deed and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for a for-profit entity.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Comparative Information

The section on financial risk management disclosures have also been updated; the credit risk note includes foreign forward exchange contracts by credit quality, the liquidity risk note shows inflows and outflows of foreign forward exchange contracts by maturity profile and a note on financial assets and liabilities subject to offsetting has also been added.

Measurement Base

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities 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 Manager to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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

FundRock NZ Limited is the Manager of the Scheme. The Manager enters into fund hosting arrangements with various investment managers. The arrangements involve the issuing and managing of funds, under the Manager's Managed Investment Scheme licence, on behalf of investment managers who want 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 Fund. This includes investment management, supervision, custody, fund administration and audit services. In respect of these services the Manager is acting as an agent of the Fund.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. 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 to all the years presented, unless otherwise stated.

(a) Changes in accounting policies and accounting standards adopted during the year

New Standards and amendments to existing standards effective 1 April 2022

There are no new standards, amendments to standards or interpretations that are effective for the annual reporting period commencing on 1 April 2022 that have a material effect on the financial statements of the Fund.

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. Therefore they are not included in the financial statements.

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 Fund 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.

(b) Investment Entity

The Fund has multiple investors and directly holds multiple investments.

The Fund has been deemed to meet the definition of an investment entity per *NZ IFRS 10: Consolidated Financial Statements* as the following criteria are met:

- (i) The Fund has obtained funds for the purpose of providing investors with investment management services.
- (ii) The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through the investments.
- (iii) The performance of its investments is measured and evaluated on a fair value basis.

The Fund is considered to meet the definition of an investment entity, hence, it qualifies as an investment entity.

(c) Foreign Currency Translation

Functional and presentation currency

The Manager considers the New Zealand dollar the currency that most accurately represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from Unitholders.

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 the reporting date.

Foreign exchange gains and losses relating to financial assets carried at fair value through profit or loss are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'net changes in fair value of financial assets and financial liabilities at fair value through profit or loss'.

Other foreign exchange gains and losses, other than those relating to financial assets at fair value through profit or loss, arising from translation are included in profit or loss in the Statement of Profit and Loss and Other Comprehensive Income within "other foreign exchange losses".

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income Recognition

(i) Dividends and Distributions

Dividend and distribution income is recognised on the date that the Fund's right to receive payment is established. It is probable that the economic benefits associated with the dividends and distributions will flow to the Fund, and the amounts for these can be measured reliably.

(ii) Interest

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(iii) Changes in fair value of financial instruments

Net gains or losses on investments at fair value through profit or loss are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest, dividends and distributions income.

(e) Financial Instruments

(i) Classification

(a) Assets

The Fund classifies its financial instruments based on both the Fund's business model for managing those financial assets and contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund does not hold any debt securities. Consequently, all investments are measured at fair value through profit or loss.

(b) Liabilities

The Fund holds derivative financial instruments. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Recognition, Derecognition and Measurement

Purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Profit and Loss and Other Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Profit and Loss and Other Comprehensive Income within net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Fair value estimation

During the year, the Fund changed its valuation inputs for listed investments to last sale price. The use of the last sale price is recognised as a standard pricing convention within the industry. In the prior year, the Fund utilised bid prices for their listed investments. The change in valuation inputs is considered to be a change in estimate in accordance with *NZ IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*. 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. The change in estimate has not resulted in additional or amended disclosures and does not have a significant impact on the Fund's reported result or financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the last sale price.

For investments with no active markets, fair values are determined using valuation techniques. Such techniques include: using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement 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. Agreements with derivative counterparties for the Fund are based on International Swaps and Derivatives Association ("ISDA") Master Agreements.

(f) Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost comprise cash and cash equivalents and receivables. These include cash balances and call deposits, accrued interest and dividends, and proceeds expected from sale transactions where the trade date and settlement date spanned the reporting date. The carrying value closely approximates their fair value.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less any impairment losses. The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability so as to achieve a constant yield on the financial asset or liability.

(i) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, demand deposits and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with an original maturity of three months or less and bank overdraft. Bank overdrafts are shown in current liabilities in the Statement of Financial Position.

(ii) Receivables

Receivables include amounts where settlement has not yet occurred, and include outstanding settlements on the sale of investments. Amounts are generally received within 30 days of being recorded as receivables. Given the short-term nature of most receivables, the carrying amount approximates their fair value.

(iii) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund, and include outstanding settlements on the purchase of investments. Payables are measured initially at fair value and subsequently at amortised cost. Amounts are generally paid within 30 days of being recorded as payables. Given the short-term nature of most payables, the carrying amount approximates their fair value.

(g) Impairment of Financial Assets at Amortised Cost

NZ IFRS 9: Financial Instruments requires the Fund to record expected credit losses (ECL) on all of its receivables, either on a 12-month or lifetime basis.

The Fund only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under *NZ IFRS 9: Financial Instruments* to all its receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at the reporting date.

With the short time period and the simplistic nature of the financial assets, accrued interest and dividends and receivables from sale of investments measured at amortised cost, the Fund does not anticipate any expected credit losses for these assets.

(h) Expenses

All expenses are recognised on an accrual basis.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Taxation

Income taxation

The Fund has elected to become a Portfolio Investment Entity ("PIE") for the purposes of the Income Tax Act 2007.

Tax treatment applicable to a PIE:

Under current taxation law the Fund pays no income tax on the taxable income of the Fund and all taxable income and associated tax credits applicable are allocated to investors, in proportion to the units they hold on the days when taxable income and credits arise.

Under the PIE regime, the Manager attributes the taxable income of the Fund to Unitholders in accordance with the proportion of their overall interest in the Fund. The income attributed to each Unitholder is taxed at the Unitholder's 'Prescribed Investor Rate' which is capped at 28%. The Fund is responsible for deducting tax from each investor's allocation using each investor's Prescribed Investor Rate and pays the tax to the taxation authorities on behalf of the investor.

Goods and services tax (GST)

The Fund is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

(j) Distributions to Unitholders

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

(k) Redeemable Units and Unitholders' Fund

Ownership interests in the Fund are in the form of redeemable units in accordance with *NZ IAS 32: Financial Instruments: Presentation* and which are exposed to variable returns from changes in the fair value of the Fund's net assets. Units issued by the Fund provide the Unitholder the right to request redemption for cash at the value proportionate to the Unitholder's share in the Fund's net asset value. The Unitholders' Funds meet the definition of a "puttable instrument" in accordance with *NZ IAS 32: Financial Instruments: Presentation* and is classified as equity.

The redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net assets value if the Unitholders exercise their right to relinquish the units. The redemption unit price is based on different valuation principles to that applied in financial reporting. This is explained in more detail in note 12.

(l) Presentation of Cash Flows

For the purposes of the Statement of Cash Flows, proceeds from the sale and purchase of investments at fair value through profit or loss and proceeds from realisation of derivatives are considered operating activities. The sales and purchases of investment securities maintain the operating capability of the Fund even though the investments may not be acquired specifically for resale or trading.

(m) Critical Accounting Estimates and Assumptions

Fair value of financial assets held at fair value

The investments of the Fund in listed equity and unit trust securities and have been valued at closing last sale price, therefore there are no accounting estimates or assumptions required in the valuation of the carrying amounts of these assets.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in an active market, such as over-the-counter derivatives. All of the Fund's derivative financial instruments are held for the purpose of being traded. Fair values of such instruments are determined by using valuation techniques. Forward foreign exchange contracts are mark to market at the forward currency exchange rate at the valuation date.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. NET CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------|----------------------|
| <i>Financial assets at fair value through profit or loss:</i> | | |
| Gains | 1,632 | 40,067 |
| <i>Derivatives:</i> | | |
| (Losses)/gains | <u>(44,424)</u> | <u>4,020</u> |
| | <u>(42,792)</u> | <u>44,087</u> |

5. BROKERAGE FEES AND OTHER EXPENSES

| | 2023 \$'000 | 2022 \$'000 |
|---|-------------------|-------------------|
| Fees incurred to PricewaterhouseCoopers for the audit of the financial statements | 28 | 26 |
| Brokerage fees | 112 | 129 |
| Legal and tax consulting fees | 4 | 3 |
| Administration fees | <u>30</u> | <u>55</u> |
| | <u>174</u> | <u>213</u> |

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2023 \$'000 | 2022 \$'000 |
|--|-----------------------|-----------------------|
| International listed infrastructure securities | 259,407 | 387,005 |
| International listed equity unit trusts | <u>42,501</u> | <u>85,631</u> |
| | <u>301,908</u> | <u>472,636</u> |

7. DERIVATIVES

The Fund holds forward foreign exchange contracts.

Forward foreign exchange contracts are contractual obligations to buy or sell foreign currencies on a future date at a specified price. Forward foreign exchange contracts are settled on a net basis.

| | 2023 \$'000 | 2022 \$'000 |
|------------------------------------|---------------------|----------------------|
| Assets | | |
| <i>Derivatives:</i> | | |
| Forward foreign exchange contracts | <u>4,693</u> | <u>14,925</u> |
| | <u>4,693</u> | <u>14,925</u> |
| Liabilities | | |
| <i>Derivatives:</i> | | |
| Forward foreign exchange contracts | <u>709</u> | <u>1,018</u> |
| | <u>709</u> | <u>1,018</u> |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. RECEIVABLES

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Interest receivable | 27 | 1 |
| Distributions receivable | 165 | - |
| Dividends receivable | 122 | 386 |
| Outstanding settlements from sale of investment securities | - | 1,834 |
| PIE tax receivable from Unitholders | 283 | 470 |
| Other receivables | 50 | 23 |
| | <u>647</u> | <u>2,714</u> |

9. PAYABLES

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Manager fees payable | 221 | 819 |
| Outstanding settlements for purchase of investment securities | - | 2,649 |
| PIE tax payable to Inland Revenue | 283 | 470 |
| Other expenses payable | 36 | 73 |
| | <u>540</u> | <u>4,011</u> |

10. AUDIT FEES

PricewaterhouseCoopers fees for the audit of the financial statements are paid by the Manager. Fees for the year ended 31 March 2023 amounted to \$25,142 (31 March 2022: \$24,220) excluding GST.

11. NON-CASH TRANSACTIONS

During the year, the Fund had an in-specie transaction from outside of the Fund or non-cash transactions as follows:

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| In-specie and non cash transfers - sales of investments | 119,238 | - |
| In specie transfers - redemption to Unitholders | 119,238 | - |

12. UNITHOLDERS' FUNDS

12a. Units on issue

| | 2023 '000 | 2022 '000 |
|--|-----------------------|-----------------------|
| Units on issue at the beginning of the year | 210,900 | 140,269 |
| Subscriptions from Unitholders | 13,849 | 93,060 |
| Redemptions by Unitholders | (75,876) | (22,429) |
| Units on issue at the end of the year | <u>148,873</u> | <u>210,900</u> |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. UNITHOLDERS' FUNDS (Continued)

12b. Units Holders' funds

| | 2023 \$'000 | 2022 \$'000 |
|--|-----------------------|-----------------------|
| Unitholders' funds at the beginning of the year | 495,149 | 298,799 |
| Subscriptions from Unitholders | 30,018 | 205,415 |
| Redemptions by Unitholders | (172,542) | (49,495) |
| Distributions to Unitholders | (9,936) | (8,658) |
| (Loss)/profit for the year | <u>(34,441)</u> | <u>49,088</u> |
| Unitholders' funds at the end of the year | <u>308,248</u> | <u>495,149</u> |
| Unit price NAV at the end of the year | <u>308,256</u> | <u>496,460</u> |

The unit price net asset value ("NAV") at the end of the year is calculated using the last sale price of the underlying securities on 31 March 2023. The financial statements NAV is also based on closing last sale price as at 31 March 2023. Therefore, the difference in the NAV between the unit price and the financial statements is due to price valuation and timing, if any.

Redeemable Units and Capital Risk Management

The Fund issues redeemable units. The NAV of the units is shown in the Statement of Financial Position as Unitholders' Funds. Each Unitholder is entitled to payment based on the value of the Unitholder's share in the investment portfolio's NAV on the redemption date. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units.

The relevant movements are shown on the Statement of Changes in Unitholders' Funds. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of securities where necessary.

Each unit in the Fund ranks equally with other units in that Fund and shall confer an equal undivided interest in the relevant Fund. Unitholders have various rights under the Trust Deed of the Fund, including the rights to:

- Have their units redeemed;
- Receive the Unitholders' funds of the Fund upon termination of the Fund; and
- Attend and vote at meetings of Unitholders.

13. RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------------|-------------------------|
| Net (loss)/profit | (34,441) | 49,088 |
| <i>Adjustments for:</i> | | |
| Payments for the purchase of investments | (343,887) | (339,874) |
| Proceeds from sale of investments | 398,006 | 213,892 |
| Net changes in fair value of financial assets at fair value through profit or loss | 42,792 | (44,087) |
| Foreign exchange loss | (1,802) | 164 |
| Net settlement of derivatives | (34,501) | (20,905) |
| <i>Changes in assets and liabilities:</i> | | |
| Decrease/(increase) in receivables | 233 | (110) |
| (Decrease)/increase in payables | <u>(822)</u> | <u>628</u> |
| Net cash (outflow) from operating activities | <u>25,578</u> | <u>(141,204)</u> |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | | | 2023 | | Total |
|---|--|---|------------------------------------|---|----------------|
| | Financial liabilities at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at amortised cost | Financial liabilities at amortised cost | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | 2,249 | - | 2,249 |
| Receivables | - | - | 364 | - | 364 |
| Financial assets at fair value through profit or loss | - | 301,908 | - | - | 301,908 |
| Derivatives held for trading | - | 4,693 | - | - | 4,693 |
| Total Assets | - | 306,601 | 2,613 | - | 309,214 |
| LIABILITIES | | | | | |
| Payables | - | - | - | 257 | 257 |
| Derivatives held for trading | 709 | - | - | - | 709 |
| Total Liabilities | 709 | - | - | 257 | 966 |
| | | | | | |
| | | | 2022 | | Total |
| | Financial liabilities at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at amortised cost | Financial liabilities at amortised cost | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | 9,903 | - | 9,903 |
| Receivables | - | - | 2,244 | - | 2,244 |
| Financial assets at fair value through profit or loss | - | 472,636 | - | - | 472,636 |
| Derivatives held for trading | - | 14,925 | - | - | 14,925 |
| Total Assets | - | 487,561 | 12,147 | - | 499,708 |
| LIABILITIES | | | | | |
| Payables | - | - | - | 3,541 | 3,541 |
| Derivatives held for trading | 1,018 | - | - | - | 1,018 |
| Total Liabilities | 1,018 | - | - | 3,541 | 4,559 |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| | 2023 | | | Total \$'000 |
|--|-------------------------------|-----------------------------|-------------------------------------|-----------------|
| | Within 12 months \$'000 | Over 12 months \$'000 | Maturity not specified \$'000 | |
| ASSETS | | | | |
| Cash and cash equivalents | 2,249 | - | - | 2,249 |
| Receivables | 364 | - | - | 364 |
| Financial assets at fair value through profit or loss | - | - | 301,908 | 301,908 |
| Derivatives | 4,693 | - | - | 4,693 |
| Total Assets | 7,306 | - | 301,908 | 309,214 |
| LIABILITIES | | | | |
| Overdraft | - | - | - | - |
| Payables | 257 | - | - | 257 |
| Financial liabilities at fair value through profit or loss | 709 | - | - | 709 |
| Total Liabilities | 966 | - | - | 966 |

| | 2022 | | | Total \$'000 |
|---|-------------------------------|-----------------------------|-------------------------------------|-----------------|
| | Within 12 months \$'000 | Over 12 months \$'000 | Maturity not specified \$'000 | |
| Cash and cash equivalents | 9,903 | - | - | 9,903 |
| Receivables | 2,244 | - | - | 2,244 |
| Financial assets at fair value through profit or loss | - | - | 472,636 | 472,636 |
| Derivatives | 14,925 | - | - | 14,925 |
| Total Assets | 27,072 | - | 472,636 | 499,708 |
| LIABILITIES | | | | |
| Payables | 3,541 | - | - | 3,541 |
| Derivatives | 1,018 | - | - | 1,018 |
| Total Liabilities | 4,559 | - | - | 4,559 |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. RELATED PARTY TRANSACTIONS

A party is related to the Fund if:

- (i) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with the Fund;
- (ii) it has an interest in or relationship with the Funds that gives it significant influence over the Fund;
- (iii) the Fund has an interest in or relationship with the party that gives significant influence over the party; or
- (iv) they are a member of the 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; the Manager, Investment Manager, and the Supervisor.

The following are considered to be related parties of the Fund: FundRock NZ Limited (Manager of the Fund), First Sentier Investors (Australia) IM Ltd (Investment Manager of the Fund), Public Trust (supervisor of the Funds), Apex Investment Administration (NZ) Limited (registry provider for the Fund and shares the same parent company as the Manager. Apex only became a related party this year and hence there are no comparatives).

Management fees

As outlined in the Fund's Product Disclosure Statement ("PDS"), the Fund incurs management fees fixed at 1.01% of net asset value including GST. The management fees include fees paid to the Investment Manager, the Manager, the Supervisor, the Custodian and Administration Manager, bank charges and other various costs and expenses incurred.

The Supervisor of the Fund is Public Trust. For the year ended 31 March 2023 Supervisor fees charged to the Fund amounted to \$97,313 (31 March 2022: \$88,774).

The registry provider for the Fund is Apex Investment Administration (NZ) Limited. For the period ended 31 March 2023 total fee charged to the Fund amounted to \$14,367.

Investments in and by related parties

During the year, no other funds managed by the Manager invested in the Fund (31 March 2022: nil), the Fund did not hold investments in any funds managed by the Manager (31 March 2022: nil).

In the prior year Mercer Property and Infrastructure Trust (MPIT) unit holdings crossed the 75% threshold as per the special resolution, resulting in MPIT having the ability to control the Fund (at 31 March 2022: MPIT held 80.85% of the units issued (170,361,149) in the Fund), this has not happened this financial year.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT

Strategy in Using Financial Instruments

The Fund aims to achieve capital growth and inflation protected income by investing in a globally diversified portfolio of infrastructure securities, with a focus on companies that the Investment Manager believes can contribute to or benefit from sustainable development.

The Fund aims to outperform the FTSE Developed Core Infrastructure ex – Pipelines Net Total Return Index (NZD hedged), after fees and expenses, but before investor taxes, over rolling five-year periods.

Currency exposure will be hedged back into New Zealand dollars using forward currency contract derivatives.

The Fund invests in listed infrastructure securities around the world. The infrastructure sector includes operating assets from the transport, utilities, energy and communications sectors. The assets held by these companies typically offer high barriers to entry, pricing power, and structural growth.

The strategy is based on active, bottom-up security selection which seeks to identify mispricing.

The Fund seeks to minimise risk through on-the-ground research, a focus on quality and sensible portfolio construction. The Fund focuses on infrastructure companies that are delivering sustainable solutions from an environmental, social and economic point of view; and that are seeking to contribute to, or benefit from sustainable development.

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to moderate certain risk exposures. The Fund will only use derivatives such as forward currency contracts, to hedge foreign currency back into New Zealand dollars.

17a. Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Fund's overall market position is monitored on a daily basis by the Investment Manager. The Fund's investments in listed equities and listed unit trusts are susceptible to market price risk arising from uncertainties about future values of the investments.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

The overall market exposure was as follows:

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| | Fair value | Fair value |
| | \$'000 | \$'000 |
| International listed infrastructure securities | 259,407 | 387,005 |
| International listed equities unit trusts | <u>42,501</u> | <u>85,631</u> |
| | <u>301,908</u> | <u>472,636</u> |

The table below shows the sensitivity analysis to a reasonably possible change in market price with all other variables held constant. As at 31 March 2023, the analysis is based on the assumptions that the market price movement increased or decreased by 10%. The Manager believes the 10% market price movement assumption to be management's best estimate of reasonable possible change in current market condition. The analysis is performed on the same basis for 31 March 2022.

| | 2023 | | | |
|--|-----------------------|---------------------|---------------------------|---------------------|
| | Profit or loss | | Unitholders' Funds | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| International listed infrastructure securities | 25,941 | (25,941) | 25,941 | (25,941) |
| International listed equity unit trusts | 4,250 | (4,250) | 4,250 | (4,250) |

| | 2022 | | | |
|--|-----------------------|---------------------|---------------------------|---------------------|
| | Profit or loss | | Unitholders' Funds | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| International listed infrastructure securities | 38,701 | (38,701) | 38,701 | (38,701) |
| International listed equity unit trusts | 8,563 | (8,563) | 8,563 | (8,563) |

17b. Currency Risk

Currency risk is the risk that the value of the financial instruments or foreign cash will fluctuate due to changes in foreign exchange rates.

The Fund predominantly invests in international equity securities and therefore is subject to risk due to fluctuations in the prevailing currency exchange rate. A change in exchange rates would impact the New Zealand dollar equivalent market value of the Fund's underlying investments.

The Fund enters into forward exchange contracts designed to economically hedge the currency exposure of the underlying investments. The foreign exchange contracts are held to mitigate the currency exposure by aiming to be fully hedged to the New Zealand dollars. The Investment Manager has a limited discretion to take some currency risk within the overall risk constraint of the portfolio. Accordingly at any point in time currency risk is limited to the currency market movement on the unhedged portion of the portfolio, typically recent gains and losses that have not been hedged.

The portfolios within the Fund are to be economically hedged up to 100%.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

The table below summarises the Fund's exposure to currency risks in New Zealand dollar (NZD) value of monetary assets and liabilities. NZ IFRS 7, 'Financial Instruments: Disclosures', considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk and not foreign currency risk.

| | 2023 | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|----------------|------------------|
| | AUD \$'000 | CAD \$'000 | EUR \$'000 | GBP \$'000 | Others \$'000 | JPY \$'000 | USD \$'000 |
| Monetary assets and liabilities | | | | | | | |
| Foreign cash and cash equivalents | 8 | 81 | 75 | 2 | 8 | - | 727 |
| Receivables/(payables) | 165 | - | - | - | - | - | 125 |
| | <u>173</u> | <u>81</u> | <u>75</u> | <u>2</u> | <u>8</u> | <u>-</u> | <u>852</u> |
| Forward foreign exchange contracts | | | | | | | |
| Notional value | <u>(12,185)</u> | <u>(25,846)</u> | <u>(34,861)</u> | <u>(7,745)</u> | <u>(3,941)</u> | <u>-</u> | <u>(216,671)</u> |
| | | | | | | | |
| | 2022 | | | | | | |
| | AUD \$'000 | CAD \$'000 | EUR \$'000 | GBP \$'000 | Others \$'000 | JPY \$'000 | USD \$'000 |
| Monetary assets and liabilities | | | | | | | |
| Foreign cash and cash equivalents | 193 | 10 | 840 | 11 | 5 | 3 | 581 |
| Receivables/(payables) | (764) | 31 | - | - | 122 | 29 | 156 |
| | <u>(571)</u> | <u>41</u> | <u>840</u> | <u>11</u> | <u>127</u> | <u>32</u> | <u>737</u> |
| Forward foreign exchange contracts | | | | | | | |
| Notional value | <u>(49,322)</u> | <u>(20,149)</u> | <u>(56,975)</u> | <u>(14,883)</u> | <u>(51,039)</u> | <u>(3,510)</u> | <u>(278,617)</u> |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

| | 2023 | | | |
|--------|-------------------------------|--------------|--------------------|--------------|
| | Monetary assets & liabilities | | | |
| | Profit or loss | | Unitholders' Funds | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| AUD | 1,203 | (1,203) | 1,203 | (1,203) |
| CAD | 2,578 | (2,578) | 2,578 | (2,578) |
| EUR | 3,485 | (3,485) | 3,485 | (3,485) |
| GBP | 775 | (775) | 775 | (775) |
| Others | 391 | (391) | 391 | (391) |
| JPY | - | - | - | - |
| USD | 21,581 | (21,581) | 21,581 | (21,581) |

| | 2022 | | | |
|--------|-------------------------------|--------------|---------------------|--------------|
| | Monetary assets & liabilities | | | |
| | Profit or loss | | Unit Holders' Funds | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| AUD | 4,989 | (4,989) | 4,989 | (4,989) |
| CAD | 2,011 | (2,011) | 2,011 | (2,011) |
| EUR | 5,613 | (5,613) | 5,613 | (5,613) |
| GBP | 1,487 | (1,487) | 1,487 | (1,487) |
| Others | 5,091 | (5,091) | 5,091 | (5,091) |
| JPY | 348 | (348) | 348 | (348) |
| USD | 27,788 | (27,788) | 27,788 | (27,788) |

17c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The interest rate risk on cash and cash equivalents is immaterial.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

17d. Credit Risk

Credit risk represents the risk that a counterparty to the financial instrument will fail to perform contractual obligations under a contract and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

The Fund's cash and cash equivalents balances are held with ANZ (Standard & Poor's ("S&P") credit rating AA-) (31 March 2022: (AA-) and BNP Paribas (S&P credit rating A+) (31 March 2022: A+).

At 31 March 2023 and 31 March 2022, substantially all assets are placed in custody with BNP Paribas, which has a S&P credit rating of A+ (31 March 2022: A+).

As at 31 March 2023 and 31 March 2022, all amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A or higher and are due to be settled within 1 week. The Manager considers the probability of default 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 a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The analysis below summarises the credit quality of the Fund's exposure rated externally by equivalent Standard & Poor's, credit rating agencies.

| | 2023 | | | 2022 | | |
|------------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|
| | AAA TO AA- | A+ TO A- | Total | AAA TO AA- | A+ TO A- | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Forward foreign exchange contracts | <u>2,748</u> | <u>2,696</u> | <u>5,444</u> | <u>10,963</u> | <u>4,753</u> | <u>15,716</u> |

17e. Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The liquidity risk of the Fund is assessed with reference to liquidity of the underlying assets and securities. The Manager then establishes an appropriate application and redemption frequency for the Fund. The Fund invests predominantly in liquid securities and hence has daily applications and redemptions. Market conditions can, however, change resulting in some assets becoming difficult to sell. Hence if the Fund were to experience liquidity problems the Manager may defer or suspend redemptions for a period of time.

All financial liabilities are expected to be settled within 12 months.

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

| | Statement of Financial Position \$'000 | Contractual cash flows \$'000 | Within 6 months \$'000 | 2023 | | | Over 5 years \$'000 |
|---------------------------|---|-------------------------------------|------------------------------|-----------------------------------|--------------------------------|--------------------------------|---------------------------|
| | | | | Between 6- 12 months \$'000 | Between 1-2 years \$'000 | Between 2-5 years \$'000 | |
| | | | | | | | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 2,249 | 2,249 | 2,249 | - | - | - | - |
| Receivables | 364 | 364 | 364 | - | - | - | - |
| Total | 2,613 | 2,613 | 2,613 | - | - | - | - |
| LIABILITIES | | | | | | | |
| Payables | 257 | 257 | 257 | - | - | - | - |
| Total | 257 | 257 | 257 | - | - | - | - |
| | Statement of Financial Position \$'000 | Contractual cash flows \$'000 | Within 6 months \$'000 | 2022 | | | Over 5 years \$'000 |
| | | | | Between 6- 12 months \$'000 | Between 1-2 years \$'000 | Between 2-5 years \$'000 | |
| | | | | | | | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 9,903 | 9,903 | 9,903 | - | - | - | - |
| Receivables | 2,244 | 2,244 | 2,244 | - | - | - | - |
| Total | 12,147 | 12,147 | 12,147 | - | - | - | - |
| LIABILITIES | | | | | | | |
| Payables | 3,541 | 3,541 | 3,541 | - | - | - | - |
| Total | 3,541 | 3,541 | 3,541 | - | - | - | - |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

The table below analyses the net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The contractual cash flows are based on the spot rate as at 31 March 2023 and 31 March 2022.

| | Statement of Financial Position \$'000 | Contractual cash flows \$'000 | Within 6 months \$'000 | 2023 | | | |
|---|---|-------------------------------------|------------------------------|-----------------------------------|--------------------------------|--------------------------------|---------------------------|
| | | | | Between 6- 12 months \$'000 | Between 1-2 years \$'000 | Between 2-5 years \$'000 | Over 5 years \$'000 |
| | | | | | | | |
| Derivative assets held for trading: | | | | | | | |
| Forward foreign exchange contracts | 4,693 | | | | | | |
| <i>Inflow</i> | | 671,006 | 671,006 | - | - | - | - |
| <i>Outflow</i> | | (666,306) | (666,306) | - | - | - | - |
| Derivative liabilities held for trading: | | | | | | | |
| Forward foreign exchange contracts | 709 | | | | | | |
| <i>Inflow</i> | | 319,145 | 319,145 | - | - | - | - |
| <i>Outflow</i> | | (319,806) | (319,806) | - | - | - | - |
| 2022 | | | | | | | |
| | Statement of Financial Position \$'000 | Contractual cash flows \$'000 | Within 6 months \$'000 | 2022 | | | |
| | | | | Between 6- 12 months \$'000 | Between 1-2 years \$'000 | Between 2-5 years \$'000 | Over 5 years \$'000 |
| | | | | | | | |
| Derivative assets held for trading: | | | | | | | |
| Forward foreign exchange contracts | 14,925 | | | | | | |
| <i>Inflow</i> | | 1,157,736 | 1,157,736 | - | - | - | - |
| <i>Outflow</i> | | (1,142,668) | (1,142,668) | - | - | - | - |
| Derivative liabilities held for trading: | | | | | | | |
| Forward foreign exchange contracts | 1,018 | | | | | | |
| <i>Inflow</i> | | 317,229 | 317,229 | - | - | - | - |
| <i>Outflow</i> | | (318,150) | (318,150) | - | - | - | - |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. FINANCIAL RISK MANAGEMENT (Continued)

17f. Financial assets and financial liabilities subject to offsetting, Enforceable Master Netting Arrangements and Similar Agreements

The Fund holds derivative financial instruments.

The following table presents the recognised financial assets and financial liabilities that are subject to offsetting, or other similar arrangements but not offset, as at 31 March 2023.

2023

Related amounts not set-off in the statement of financial position

| | Gross amounts of recognised financial instruments | Gross amounts of recognised financial instruments set-off in the statement of financial position | Net amounts of financial instruments presented in the statement of financial position | Financial instruments | Cash collateral received/pledged | Net amount |
|------------------------------------|---|--|---|-----------------------|----------------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Derivatives - FFX Contracts | 5,444 | (751) | 4,693 | (608) | - | 4,085 |
| Total financial assets | 5,444 | (751) | 4,693 | (608) | - | 4,085 |
| Financial liabilities | | | | | | |
| Derivatives - FFX Contracts | 1,460 | (751) | 709 | (608) | - | 101 |
| Total financial liabilities | 1,460 | (751) | 709 | (608) | - | 101 |

2022

Related amounts not set-off in the statement of financial position

| | Gross amounts of recognised financial instruments | Gross amounts of recognised financial instruments set-off in the statement of financial position | Net amounts of financial instruments presented in the statement of financial position | Financial instruments | Cash collateral received/pledged | Net amount |
|------------------------------------|---|--|---|-----------------------|----------------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | |
| Derivatives - FFX Contracts | 15,716 | (791) | 14,925 | (827) | - | 14,098 |
| Total financial assets | 15,716 | (791) | 14,925 | (827) | - | 14,098 |
| Financial liabilities | | | | | | |
| Derivatives - FFX Contracts | 1,809 | (791) | 1,018 | (827) | - | 191 |
| Total financial liabilities | 1,809 | (791) | 1,018 | (827) | - | 191 |

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measured at 31 March 2023 and 31 March 2022

| | 2023 | | | Total \$'000 |
|---|-----------------------|----------------------|-------------------|-----------------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Financial assets | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | |
| International listed infrastructure securities | 259,407 | - | - | 259,407 |
| International listed equity unit trusts | <u>42,501</u> | <u>-</u> | <u>-</u> | <u>42,501</u> |
| | <u>301,908</u> | <u>-</u> | <u>-</u> | <u>301,908</u> |
| <i>Derivatives:</i> | | | | |
| Forward foreign exchange contracts | <u>-</u> | <u>4,693</u> | <u>-</u> | <u>4,693</u> |
| | <u>-</u> | <u>4,693</u> | <u>-</u> | <u>4,693</u> |
| Financial liabilities | | | | |
| <i>Derivatives:</i> | | | | |
| Forward foreign exchange contracts | <u>-</u> | <u>709</u> | <u>-</u> | <u>709</u> |
| | <u>-</u> | <u>709</u> | <u>-</u> | <u>709</u> |
| | | | | |
| | 2022 | | | |
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Financial assets | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | |
| International listed infrastructure securities | 387,005 | - | - | 387,005 |
| International listed equity unit trusts | <u>85,631</u> | <u>-</u> | <u>-</u> | <u>85,631</u> |
| | <u>472,636</u> | <u>-</u> | <u>-</u> | <u>472,636</u> |
| <i>Derivatives:</i> | | | | |
| Forward foreign exchange contracts | <u>-</u> | <u>14,925</u> | <u>-</u> | <u>14,925</u> |
| | <u>-</u> | <u>14,925</u> | <u>-</u> | <u>14,925</u> |
| Financial liabilities | | | | |
| <i>Derivatives:</i> | | | | |
| Forward foreign exchange contracts | <u>-</u> | <u>1,018</u> | <u>-</u> | <u>1,018</u> |
| | <u>-</u> | <u>1,018</u> | <u>-</u> | <u>1,018</u> |

The fair value of listed shares investments at the reporting date are based on quoted market prices. They are actively traded on international stock exchanges and are therefore included within level 1.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable and are therefore included within level 2. The fair values of forward foreign exchange contracts are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles.

Due to their short term nature, carrying amounts of cash and cash equivalents, receivables and payables stated in the Statement of Financial Position approximate their fair value.

Transfers between levels of the fair value hierarchy

There were no transfers between levels in the year ended 31 March 2023 (31 March 2022: Nil).

FIRST SENTIER RESPONSIBLE LISTED INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. CONTINGENT LIABILITIES AND COMMITMENTS

The Fund had no material commitments or contingencies at 31 March 2023 (31 March 2022: Nil).

20. EVENTS SUBSEQUENT TO 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 First Sentier Responsible Listed Infrastructure Fund (formerly First Sentier Global Listed Infrastructure Fund) (the Fund)

Our opinion

In our opinion, the accompanying financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as at 31 March 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in unitholders' funds for the year then ended;
- the statement of cash flows for the year 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 Fund 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 Fund on normal terms within the ordinary course of trading activities of the Fund. This has not impaired our independence as auditor of the Fund. We have no other relationships with, or interests in, the Fund.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



| Description of the key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Valuation and existence of financial assets and financial liabilities at fair value through profit or loss</p> <p>Refer to notes 6 and 7 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 Fund.</p> <p>Valuation</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.</p> <p>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 Fund's level 2 instruments include forward foreign exchange contracts.</p> <p>The Fund has no investments where there are significant unobservable inputs.</p> <p>For financial instruments quoted in foreign currencies, these are translated to NewZealand dollars using the exchange rates at 31 March 2023.</p> <p>Existence</p> <p>Holdings of financial instruments are held by the custodian of the Fund (Custodian) on behalf of the Fund.</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 the investment in 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>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 Fund as at 31 March 2023.</p> |



Our audit approach

Overview

| | |
|--------------------------|--|
| Materiality | <p>Our materiality for the Fund is calculated based on approximately 1% of unitholders' funds for the Fund.</p> <p>We chose unitholders' funds as the benchmark because, in our view, the objective of the Fund is to provide unitholders with a total return on the Fund's net assets, taking into account both capital and income returns.</p> |
| Key audit matters | <p>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.</p> |

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

The Manager is responsible for the governance and control activities of the Fund. The Fund's 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 the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the 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 the 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 the 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