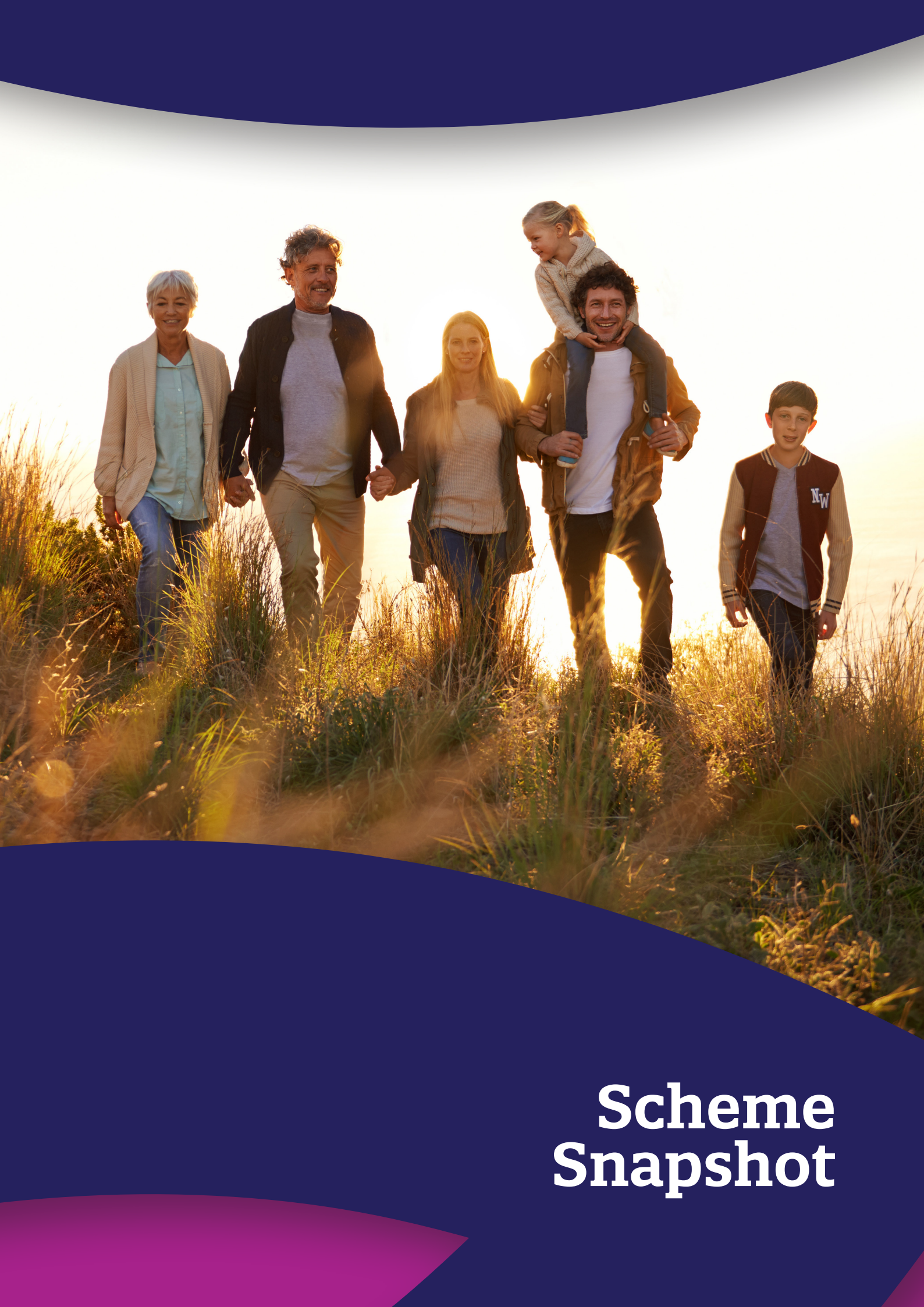


ANNUAL REPORT 2023

*The New Zealand
Anglican Church
Pension Fund*



Scheme Snapshot



Scheme Size
\$125,042,587

VALUE OF NET ASSETS



Gross Return
0.7%

ANNUAL RETURN



Investment Income
\$594,059

INVESTMENT INCOME BEFORE EXPENSES



Withdrawals
\$7,851,468

TOTAL BENEFIT PAYMENTS
TO MEMBERS



Contributions
\$2,281,100

MEMBER, EMPLOYER AND
GOVERNMENT CONTRIBUTIONS



Average age
54

AVERAGE AGE OF SUBSCRIBERS



Members
1016

TOTAL MEMBERS

Contents

Message from the Chair	4
Details of scheme	6
Information on contributions & scheme participants	6
Changes relating to the scheme	7
Other information for particular types of managed funds	8
Changes to persons involved in the scheme	12
How to find further information	12
Contact details and complaints	12



Message from the Chair

Dear Friends,

Anglican Financial Care / Te Maru Mihinare (AFC), as Manager and Trustee, is pleased to present the Annual Report of The New Zealand Anglican Church Pension Fund for the year ended 31 March 2023.

In last year's message, I commented that the investment outlook remained uncertain for 2023. While 2023 indeed proved to be another challenging year in the investment markets, we stood firm amidst the storm.

One key factor that impacted the markets was the high rate of consumer price inflation throughout the year. Among the OECD countries, the average inflation rate reached its highest point of 10.7% in October 2022, which was the highest we have seen since 1982. To address high inflation, Central Banks, such as New Zealand's Reserve Bank, typically increase interest rates. In Aotearoa New Zealand, the Official Cash Rate experienced a significant increase over the last year, from 1.0% at 1 April 2022 to 4.75% at 31 March 2023, and has remained elevated since then.

While increasing interest rates are good for cash, term deposit and mortgage-lending investments, it is not good for fixed interest investments (nor for mortgage-borrowers). The increasing interest rates worldwide resulted in the international fixed interest investments losing value. Like last year, these losses could not be recouped from the positive returns made by our cash and mortgage portfolios.

The growth assets fared better than the income sector. Our investments in forestry, private equity and Australian shares helped produce an overall modest positive return for the Fund.

The return before expenses for the year was 0.7%. Over the past five years the Fund has achieved an average return before expenses of 8.2% per annum, and over ten years 8.8% per annum.

The Actuary advised that the Fund remained in a sound financial position. This enabled us to provide a 3% increase to retirement benefits from 1 October 2022.

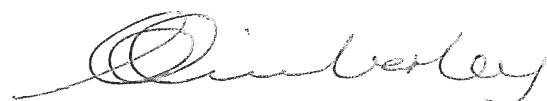
Our mortgage investment portfolio provides lending on residential properties and is administered by our Member Services team. Pension Fund subscribers and pensioners are eligible to apply for a mortgage from AFC. As well as helping some members purchase their first home, our mortgage portfolio has also been used towards providing a positive social impact. AFC has provided funds for the purchase of houses for low-income families in a local Church community. It is exciting to hear that regular shared meals, prayer and community events across the houses have been established, especially catering for the large number of children living there. More information about mortgages with AFC is available on our website angfincare.nz/mortgages.

AFC owns Hapua Forest in Hawkes Bay, which was recently harvested and is now fully replanted. We are a participant of the Emissions Trading Scheme to demonstrate our commitment to ethical investing through supporting the government's major tool for reducing carbon emissions in Aotearoa New Zealand. However, we have encountered some uncertainties and discrepancies regarding the recording of our carbon credits. We are working on resolving this with the relevant government agencies. Depending on the price of carbon units when our harvesting liability falls due in 2023 (or possibly 2024), we may either surrender carbon credits, or exercise the 'Fixed Price Option' if it would provide a material uplift in value in our growth assets. If you are interested to read more about these forest issues, you can do so in the Fund's Financial Statements (particularly Note 5) located at angfincare.nz.nz/resources.

The Reverend Vicki Sykes resigned from her clergy appointed position on the Board on 31 March 2023. We record our appreciation of her seven years' service to the Board and the Fund. In July 2023 the Venerable Carole Hughes was appointed to the Board. We welcome Carole. Vicki was our Deputy Chair. Hugh Stevens was appointed as the new Deputy Chair.

I would like to thank our Chief Executive, Margaret Bearsley, and all our staff for everything they do for you, our members. They are based in Wellington and are available to handle any of your queries.

Yours in Christ,

A handwritten signature in dark ink, appearing to read 'Lawrence Kimberley', written in a cursive style.

The Very Reverend Lawrence Kimberley
Chairperson

Annual Report

For the period 1 April 2022 to 31 March 2023.

Details of scheme

The scheme name is The New Zealand Anglican Church Pension Fund (the Fund). It is an employer related restricted workplace savings scheme. It has two sections, the Defined Benefit Section and the Complying Fund Section. The Manager is The New Zealand Anglican Church Pension Board, trading as Anglican Financial Care. As it is a restricted scheme, the Supervisor is the Financial Markets Authority. The Product Disclosure Statement is dated 27 September 2021 and is open for applicants. The fund update for the year ended 31 March 2023 was issued on 30 June 2023.

The financial statements of the Fund as at 31 March 2023, and the auditor's report on those financial statements, have been lodged with the Registrar. They are available electronically by visiting disclose-register.companiesoffice.govt.nz, selecting Search for a scheme and entering The New Zealand Anglican Church Pension Fund.

Information on contributions and scheme participants

Numerical changes in membership

The Fund's membership decreased by 20 members from 1,036 to 1,016 during the Fund year.

There are 297 contributing members and 104 non-contributing members. There are 615 members receiving a pension.

Defined Benefit Section (DBS)

	Subscribers	Leave of Absence	Retained Interests	Clergy Pensioners	Widow/ers Pensioners	Total
1 April 2022	98	3	44	418	162	725
New entrants	-	-	-	-	-	-
New pensioners	-	-	-	8	9	17
Retirements	-7	-	-1	-	-	-8
Full commutation	-	-	-	-	-	-
Deaths	-1	-	-	-20	-11	-32
Resignations	-	-	-3	-	-	-3
Transfer to CFS	-2	-	-1	-	-	-3

Transfer between categories

Into	4	-	1	-	-	5
Out of	-1	-1	-3	-	-	-5
31 March 2023	91	2	37	406	160	696

Complying Fund Section (CFS)

	Subscribers	Leave of Absence	Retained interests	Locked-in only	Clergy Pensioners	Widow/ers Pensioners	Total
1 April 2022	209	3	40	16	39	3	310
New entrants	16	-	-	-	-	-	16
Transfer from DBS	2	-	1	-	-	-	3
New pensioners	-	-	-	-	7	-	7
Retirements	-4	-	-3	-	-	-	-7
Full commutation	-2	-	-	-	-	-	-2
Deaths	-	-	-	-	-	-	-
Resignations	-3	-	-3	-1	-	-	-7

Transfer between categories

Into	2	3	11	-	-	-	16
Out of	-14	-	-	-2	-	-	-16
31 March 2023	206	6	46	13	46	3	320

Note: The locked-in only number reported in the 2022 annual report was incorrect.

Total accumulations

As at 1 April 2022, the Complying Fund Section held total accumulated funds of \$6,865,026 on behalf of 277 members. As at 31 March 2023, the total accumulated funds totalled \$7,089,138 on behalf of 282 members.

Contributions

	Number of members	\$
Member contributions	321	882,012
Employer contributions	312	876,462
Member voluntary additional contributions	34	449,609
Government contributions	156	73,017

Changes relating to the scheme

Trust Deed

The Scheme's Trust Deed was amended on 30 June 2022 to align the deed with the Trusts Act 2019.

Ethical Investment Policy

The ethical investment policy was amended on 9 March 2023 to tighten up the alcohol exclusion and provide information on the forestry investment:

- Out of respect for communities that have identified alcohol as being of particular harm, Anglican Financial Care (AFC) has no direct holdings in alcohol. Also, companies deriving more than 5% of turnover from the production or sale of alcohol are excluded.

- Under its fossil fuel divestment policy, AFC has a long-standing direct investment in a forest. AFC uses reputable silviculture managers, monitors their work, and maintains the in-forest structures including slash traps, culverts, and wetland areas. Within the forest is a large native forest block (around 14 hectares) which benefits from the whole-of-forest possum and pests control programmes. AFC's careful harvest management has ensured that Kumara Pits, indicating old garden sites within the forest, which are protected by the Heritage New Zealand Pouhere Taonga Act 2014, are safeguarded from all forest activity.

As a forest owner, AFC participates in the Emissions Trading Scheme, which is a key tool for New Zealand to meet its domestic and international climate change targets.

SIPO

The Scheme's Statement of Investment Policy and Objectives (SIPO) was amended on 10 March 2023 to:

- Change the upper limit in the benchmark range for Alternative Growth from 11.5% to 15%.
- Insert a limit that the total growth and total income asset class allocations must be maintained within 10% of the respective benchmarks of the total growth and total income asset classes.
- Remove reference to the risk indicator for the Scheme, as it is provided in the Fund Update.

Other information for particular types of managed funds

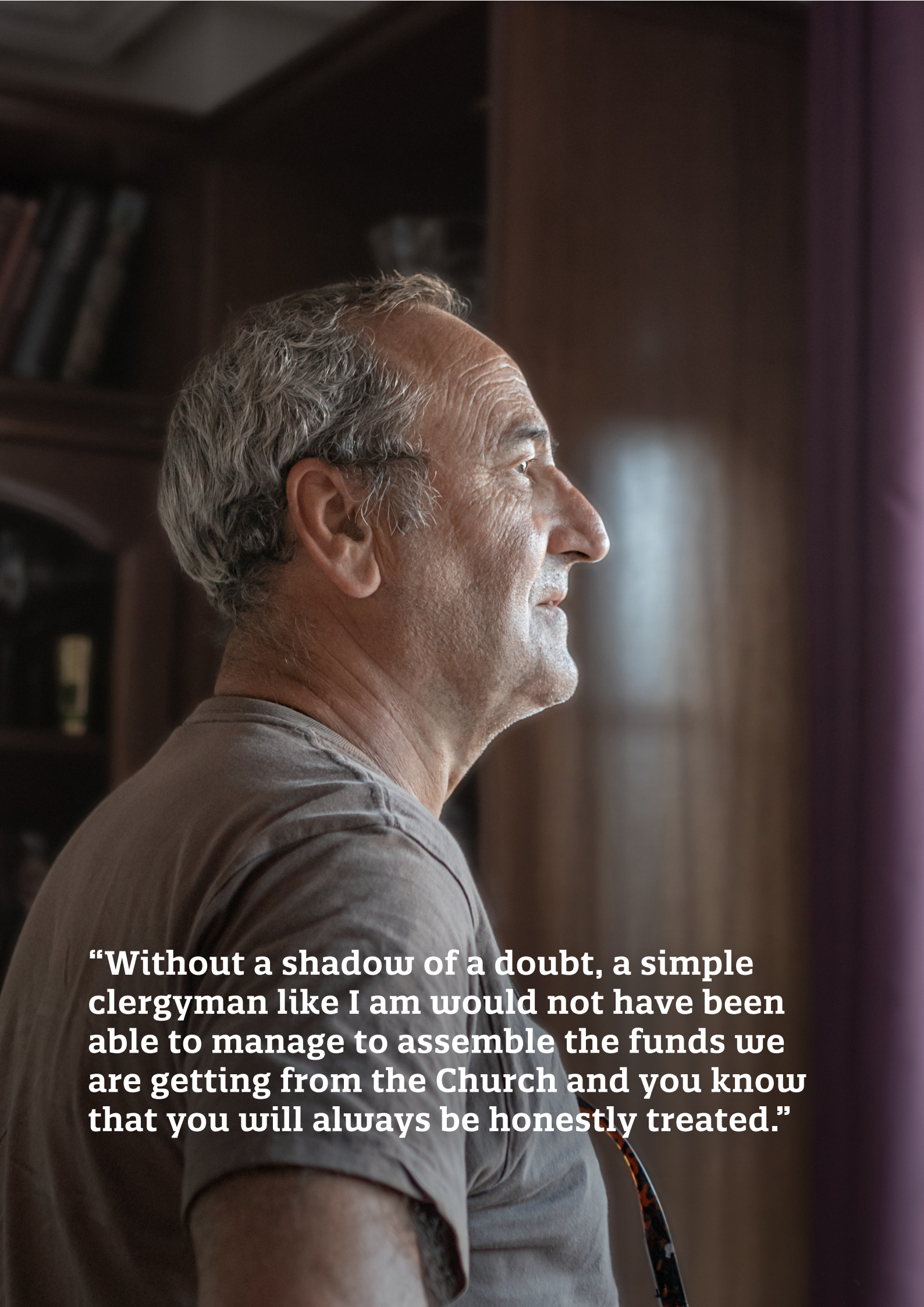
The following withdrawals occurred which were permitted under the Financial Markets Conduct Act and the Trust Deed.

Withdrawal type	Number of members
Retirement	20
Resignation	9
Transfer to a KiwiSaver scheme	7
Permanent Emigration	1
Death	1

Investment returns

The Complying Fund Section of the Fund includes an accumulation account for each member of the Complying Fund Section. Net earnings are credited quarterly. The earning rate (after expenses) for each quarter were as follows:

Quarter ending	Earning rate
30 June 2022	-5.03%
30 September 2022	-0.24%
31 December 2022	1.52%
31 March 2023	3.49%

A photograph of a middle-aged man with grey hair, seen in profile from the chest up. He is looking out of a window, with bright light coming from the right side of the frame, creating a strong silhouette effect on his face and highlighting the texture of his skin and hair. He is wearing a dark grey t-shirt. The background is dark and out of focus, showing what appears to be a bookshelf on the left and a window with a curtain on the right.

“Without a shadow of a doubt, a simple clergyman like I am would not have been able to manage to assemble the funds we are getting from the Church and you know that you will always be honestly treated.”

Interim rate

Where earnings needed to be allocated between quarters (e.g. a full payment of the retirement benefit from the locked-in account) then an interim rate was applied. During the year the Trustee changed its policy on how the interim rate was set. Up to 31 January 2023, the interim rate was calculated as the average return of the previous 20 quarters, unless otherwise determined by the Trustee. From 1 February 2023, the interim rate is calculated on a monthly basis, being the gross return for the period from the start of the quarter less prescribed fees and an estimate for tax, unless otherwise determined by the Trustee.

The interim rates (expressed as a quarterly rate) were:

Effective from	Interim rate
6 May 2022	1.97%
29 July 2022	1.68%
28 October 2022	1.54%
31 January 2023	1.43%
16 February 2023	5.40%
27 February 2023	4.12%
14 March 2023	2.66%
28 March 2023	2.23%

Complying Superannuation Fund

The market value of assets subject to complying superannuation fund rules was \$7,089,138. This relates to 282 members. The total value of withdrawals subject to complying superannuation fund rules was \$366,228.

Manager's Statement

The Board, as Manager of the Fund, states that:

- All contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- All benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- The market value of the property of the Fund as at 31 March 2023 exceeded the total value of benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2023.
- The rate of contributions paid have been in accordance with the recommendation contained in the most recent report of the Actuary.



“I feel very good about knowing there is a group of people there who make an extra effort to look after the priests. Having been a member of the Church for a long time working with our priests in the past I know how little they got paid and how much work they did. I think for them, having Anglican Financial Care there must’ve been a real support as it is for many today.”

Changes to persons involved in the scheme

The Reverend Vicki Sykes resigned from the Board effective 31 March 2023. The Venerable Carole Hughes was appointed to the Board in July 2023.

In November 2022 Rosemary Hambling resigned from the Board's Investment Committee. It was decided not to replace Rosemary and therefore the membership of the Investment Committee was decreased from eight members to seven.

How to find further information

You can obtain a copy of the Trust Deed, the Fund's latest audited financial statements or the Statement of Investment Policy and Objectives, electronically (and free of charge), by visiting disclose-register.companiesoffice.govt.nz, selecting Search schemes and entering the Fund's name.

You can obtain a copy of those documents (or an estimate of your benefits) free of charge by writing to the Manager as follows:

Funds Administrator
Anglican Financial Care
PO Box 12 287
Wellington 6144

You can also obtain free of charge, by writing to the Manager at the above address, a copy of the latest three-yearly actuarial report on the Fund (or a statement of the specific interest, mortality and other assumptions and bases of calculation applied in determining the value of the Fund's assets and liabilities for the purposes of this report).

Contact details and complaints

If you have an enquiry, you can contact the Manager as follows:

Write to: Funds Administrator
Anglican Financial Care
PO Box 12 287
Wellington 6144

Phone: 04 473 9369

Email: admin@angfincare.nz

Please contact us if you are not satisfied with the service you have received from us. We have an internal complaints process and will investigate your concerns promptly and fairly. You can contact us to make a complaint by phone, email or in writing to:

Phone: 04 473 9369

Email: office@angfincare.nz

Write to: Chief Executive
Anglican Financial Care
PO Box 12 287
Thorndon
WELLINGTON 6144

We are a member of an independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL) – A Financial Ombudsman Service. If you make a complaint to us and we have not been able to resolve it in a way that you think is satisfactory within 40 working days, you can refer the matter to FSCL by emailing info@fscl.org.nz or calling FSCL on 0800 347 257 or writing to them at:

Financial Services Complaints Limited
PO Box 5967
101 Lambton Quay
WELLINGTON 6145

Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz. FSCL will not charge you a fee to investigate or resolve a complaint.

You can also contact the Supervisor with an enquiry or complaint:

Write to: Financial Markets Authority
 PO Box 106 672
 Auckland 1143

Phone: 0800 434 566

A photograph of an elderly man with white hair, smiling warmly at the camera. He is seated in a wooden armchair with a patterned cushion. To his left is a large window with a green frame, looking out onto a bright, sunlit outdoor area with trees. The man is wearing a light blue t-shirt and blue and white striped trousers. The lighting is soft and natural, coming from the window.

“It’s always been extremely easy and sometimes quite unexpected where the support network is but really straightforward. Anglican Financial Care have always been really good about communication and just that sort of underpinning of concern and care has been really good.”

04 473 9369
angfincare.nz

Issued by The New Zealand Anglican Church Pension Board.

A Product Disclosure Statement is available on the Disclose website <https://disclose-register.companiesoffice.govt.nz/>