# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2026

# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

**CONTENTS**

**FOR THE YEAR ENDED 31 MARCH 2026**

# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

## STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE YEAR ENDED 31 MARCH 2026

| | Notes | FOR THE YEAR ENDED 31 MARCH 2026 $ | FOR THE YEAR ENDED 31 MARCH 2025 $ |
|---|---|---|---|
| **INCOME** | | | |
| ***Investment income*** | | | |
| Net gains on investments at fair value through profit or loss | 4 | **11,671,081** | 10,092,875 |
| Net loss on forestry and land assets | 5 | **(86,892)** | (39,469) |
| Gains on disposal of carbon credits held as intangible assets | 5 | **-** | 3,082,515 |
| Interest on loans | 7 | **54,620** | 75,309 |
| | | **11,638,809** | **13,211,230** |
| ***Other income*** | | | |
| Other revenue | 17 | **19,450** | 28,050 |
| **TOTAL INCOME** | | **11,658,259** | **13,239,280** |
| **EXPENSES** | | | |
| Investment expenses | 13 | **625,820** | 545,161 |
| Audit fees | 3 | **-** | - |
| Administration expenses | 14 | **1,183,570** | 1,121,956 |
| **TOTAL EXPENSES** | | **1,809,390** | **1,667,117** |
| **NET PROFIT BEFORE TAX** | | **9,848,869** | **11,572,163** |
| Income tax expense | 2 | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **9,848,869** | **11,572,163** |
| ***PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:*** | | | |
| **Member Accounts** | | **9,848,869** | **11,572,163** |



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# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

## STATEMENT OF CHANGES IN MEMBERSHIP ACTIVITIES
## FOR THE YEAR ENDED 31 MARCH 2026

| | Notes | FOR THE YEAR ENDED 31 MARCH 2026 $ | FOR THE YEAR ENDED 31 MARCH 2025 $ |
|---|---|---|---|
| **NET ASSETS AVAILABLE FOR BENEFITS AT THE BEGINNING OF THE YEAR** | | **138,315,048** | **132,680,080** |
| **MOVEMENTS DURING THE YEAR** | | | |
| *Contributions* | | | |
| Member regular contributions | | **904,766** | 923,930 |
| Crown contributions | | **85,086** | 75,646 |
| Member back service contributions | | **45,214** | 169,319 |
| Employer contributions and subsidies | | **914,557** | 920,946 |
| *Withdrawals* | | | |
| Pension payments - Clergy | | **(5,623,889)** | (5,493,993) |
| Pension and allowance payments - non Clergy | | **(1,875,308)** | (1,780,232) |
| Retirement and death payments | | **(273,739)** | (269,575) |
| Commutation payments | | **(11,210)** | - |
| Withdrawals and transfers | | **(871,257)** | (483,236) |
| **NET SURPLUS FOR THE YEAR** | | **9,848,869** | 11,572,163 |
| **NET ASSETS AVAILABLE FOR BENEFITS AT THE END OF THE YEAR** | | **141,458,137** | **138,315,048** |
| *Comprising:* | | | |
| Contributory and Donor Funds | 14 | **134,291,695** | 131,362,690 |
| Pension Fund Act Amalgamated Trusts | 15 | **7,091,580** | 6,879,732 |
| Pension Fund Act Administered Trusts | 16 | **74,862** | 72,626 |
| | | **141,458,137** | **138,315,048** |

# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2026

| | Notes | AS AT 31 MARCH 2026<br>$ | AS AT 31 MARCH 2025<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Investment in the Investment Trust | 6 | **134,811,726** | 133,168,571 |
| Investment in the Forestry Investment Trust | 6 | **6,029,393** | - |
| Investment in forestry and land assets | 6 | - | 4,396,513 |
| ***Current assets*** | | | |
| Loans | 7 | **617,018** | 732,968 |
| Contributions and subsidies receivable | | - | 16,996 |
| **TOTAL ASSETS** | | **141,458,137** | **138,315,048** |
| **LIABILITIES** | | | |
| ***Current liabilities*** | | | |
| Payables | | - | - |
| **TOTAL LIABILITIES** | | - | - |
| **NET ASSETS AVAILABLE FOR BENEFITS** | | **141,458,137** | **138,315,048** |

For and on behalf of The New Zealand Anglican Church Pension Board who authorised the issue of these financial statements as at the date below:

Authorised Signatory
25 June 2026

Authorised Signatory

# THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2026

| | Notes | FOR THE YEAR ENDED 31 MARCH 2026 $ | FOR THE YEAR ENDED 31 MARCH 2025 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest on loans received | | **54,620** | 75,309 |
| Distributions received | | **19,450** | 28,050 |
| Expenses paid | | **(1,183,570)** | (1,121,956) |
| Loan repayments | | **115,950** | 113,207 |
| Purchase of investments | | **(8,887,119)** | (5,650,144) |
| Sale of investments | | **16,569,453** | 12,480,786 |
| **NET CASH INFLOW FROM OPERATING ACTIVITIES** | 12 | **6,688,784** | **5,925,252** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Member and employer contributions | | **1,966,619** | 2,101,784 |
| Benefits paid | | **(8,655,403)** | (8,027,036) |
| **NET CASH OUTFLOW FROM FINANCING ACTIVITIES** | | **(6,688,784)** | **(5,925,252)** |
| Net increase in cash and cash equivalents | | | - |
| Cash and cash equivalents at the beginning of the year | | - | - |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | | | - |

## 1 GENERAL INFORMATION

These financial statements are for The New Zealand Anglican Church Pension Fund (the "Fund") for the year ended 31 March 2026 (the "reporting date").

The Fund was established under an Act of Parliament (see note 9) and provides pensions for retired Anglican Clergy, their widows, widowers and dependent children. The Fund is predominantly a defined benefit superannuation scheme (providing a lump sum and pension to Pensioners), with a defined contribution Complying Fund section (providing benefits to Members).

The Fund commenced on 1 January 1973. The Fund is currently governed by a Trust Deed dated 30 June 2022.

The Fund was registered under the Financial Markets Conduct Act 2013 (the "FMC") on 31 August 2016 as a restricted workplace savings scheme.

The Manager of the Fund is The New Zealand Anglican Church Pension Board (the "Manager" or "NZACPB"). The Trustee is The New Zealand Anglican Church Pension Board ("Trustee"). Michelle Forster is the Licenced Independent Trustee. The Manager is the Custodian of the Fund.

These financial statements were adopted by the NZACPB on 25 June 2026.

The objective of the Fund is to achieve long term capital growth with a medium degree of risk to enable benefits to be increased in line with inflation. It does this by investing in a diversified range of growth assets (shares, private equity and forest assets) and income assets (cash and short term deposits, fixed interest and mortgages) with the allocation to growth assets slightly higher than income assets.

### (a) Charitable Status

The Financial Statements for the Fund have been prepared on the basis that the income of the Fund is derived in trust for charitable purposes, and that the Fund therefore continues to be exempt from income tax within the provisions of the Income Tax Act 2007. Charitable status of the Fund was approved by the Inland Revenue in September 1984, and the Fund was registered with the Charities Commission in 2008 and allocated registration number CC37539.

### (b) Funding Policy

The funding policies and arrangements are set out in Note 8.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below.

### (a) Basis of preparation

The financial statements of the Fund have been prepared in accordance with the Trust Deed governing the Fund, the FMC and generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS"), and other applicable financial reporting standards as appropriate for profit oriented entities. The Fund is deemed to be a publicly accountable Tier 1 entity for the purposes of the External Reporting Board Standard A1 "Application of the Accounting Standards Framework".

The Statement of Financial Position is presented distinguishing between what is current and non-current. Non-current assets have been presented first as they represent the principal activity of the Fund.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (b) Going concern

The Trustee is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

### (c) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for investments in financial assets, land and forests, which have been measured at fair value. All figures presented have been rounded to the nearest dollar.

### (d) Income

Income is recognised to the extent that it is probable that economic benefits will flow to the Fund and the income can be readily measured.

*Net realised and unrealised gains or losses on investments at fair value through profit or loss*
Gains or losses on financial assets at fair value through profit or loss are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

*Net realised and unrealised gains or losses on forestry and land assets at fair value*
Gains or losses on forestry and land assets when held directly by the NZACPB on behalf of the Fund and other parties, are calculated as the difference between the fair value at sale, or at reporting date, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

### (e) Investments

***Investments at fair value through profit or loss***

*Investment Trust*
The Fund holds interests in sectors of The New Zealand Anglican Church Pension Board Investment Trust (the "Investment Trust"). The Trustee and Custodian of the Investment Trust is the NZACPB. The Investment Trust is a registered Portfolio Investment Entity ("PIE") and holds investments in the following sectors - cash and short term deposits, fixed interest, mortgages, shares, and private equity (the "sectors") on behalf of the Fund and other parties, some of which are listed in Note 13, Related Parties. The interests held in each of the sectors is based on the Tactical Asset Allocation ("TAA") of the investing entities, including the Fund. Each TAA is set by the NZACPB's Investment Committee, taking into account ranges and limits defined in the Statement of Investment Policy and Objectives ("SIPO"). All interests are stated by reference to the dollar values held.

The daily weighted average holding by the Fund in each sector is used to calculate the Fund's share of a sector's income, expenses, gains and losses which are distributed monthly.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (e) Investments *(continued)*

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

*Forestry Investment Trust*

All interests in forestry and land assets at 31 March 2026 are stated by reference to the dollar values held by the Fund in The New Zealand Anglican Church Pension Board Forestry Investment Trust ("the FIT" or "Forestry Investment Trust") which take into account ranges and limits defined in the Fund's SIPO. Just as for when the forestry and land assets were held directly by the NZACPB on behalf of the Fund and other parties, the daily weighted average holding of the FIT by the Fund is used to calculate the Fund's share of income, expenses, gains and losses which are distributed monthly.

Investors in the FIT hold an interest in the total net assets of the FIT which comprises land, buildings thereon, forestry, and New Zealand carbon credits. Forest establishment and maintenance expenses are capitalised, and changes in fair value are recognised in profit and loss.

***Investments in forestry and land assets***

Until 31 March 2026, the Fund had interests in forestry and land assets held directly by the NZACPB on behalf of the Fund and other parties some of which are listed in Note 13, Related Parties. These assets were sold to the FIT on 31 March 2026 at the independently determined fair values for 31 March 2026.

Prior to being sold to the FIT, the value of forestry and land assets held by the Fund took into account ranges and limits defined in the SIPO. The daily weighted average holding of forestry assets by the Fund was used to calculate the Fund's share of income, expenses, gains and losses which were distributed monthly.

### (f) Forestry

Prior to 31 March 2026, when forestry assets were held directly by the NZACPB on behalf of the Fund and other parties, forestry was recognised at fair value less estimated point of sale costs. Forest establishment and maintenance expenses were capitalised, and changes in fair value recognised in profit and loss.

### (g) Land

Prior to 31 March 2026 when forestry land was held directly by the NZACPB on behlaf of the Fund and other parties, land was classified as an investment property as it was held with an objective of capital gain and recognised initially at cost and subsequently at fair value with changes in fair value recognised in profit and loss.

### (h) Intangible carbon credits and carbon obligations

On 31 March 2026, all New Zealand carbon credits and carbon obligations held directly by the NZACPB on behalf of the Fund and other parties were transferred to the FIT at cost as part of the sale of all NZACPB directly held land and forestry assets to the FIT. The Fund and other parties no longer hold any carbon credits directly. Investors in the FIT hold an interest in the total net assets of the FIT which comprises land, forestry, and New Zealand carbon credits. Up until the New Zealand carbon credits were transferred to the FIT on 31 March 2026, the following policies applied for the Fund in respect of New Zealand carbon credits:

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (h) Intangible carbon credits and carbon obligations *(continued)*

New Zealand carbon credits were considered an intangible asset and were recognised in the balance sheet at cost upon initial recognition. The asset was subsequently measured at cost, less any accumulated impairment losses. The asset was deemed to have an indefinite useful life, and consequently was not amortised. Based on analysis of all the relevant factors, there was no foreseeable limit to the period over which the asset was expected to generate net cash inflows, as the economic benefits of units are not consumed while the units are held, but are realised by either surrendering units to settle obligations incurred through harvest or selling units to a third party.

The asset was tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there was an indication that the intangible asset may be impaired. Any impairment losses were recognised in profit or loss in the year the impairment was identified. The impairment test was performed in accordance with NZ IAS 36 Impairment of Assets.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) was included in profit or loss in the year the asset was derecognised.

An obligation to return carbon credits was recognised to the extent there were not sufficient carbon credits available: a provision for carbon obligations was recognised when the Fund had a present obligation to surrender carbon credits and insufficient credits were held to settle that obligation.

### (i) Cash and cash equivalents

The Fund has no cash or bank accounts in its own name.

### (j) Financial assets at amortised cost

Financial assets at amortised cost include contributions and subsidies receivable and loans receivable. These assets are classified as financial assets at amortised cost because the terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding and they are managed to collect the contractual cash flows. Financial assets measured at amortised cost are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (if any). These receivables have no financing component and a maturity of less than 12 months. The Fund does not track changes in credit risk, and due to the short term nature of the financial assets the Fund follows an approach similar to the simplified approach to expected credit losses (ECL) and recognises a loss allowance based on lifetime ECL at balance date. A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the entity has transferred its rights to receive cash flows from the asset.

### (k) Other financial liabilities at amortised cost

Other financial liabilities at amortised cost includes liabilities, loans, and payables owing by the Fund which are unpaid at the reporting date. Purchases of financial assets are recorded on trade date, and normally settled within three business days. Purchases of financial assets that are unsettled at reporting date are included in payables. After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate method. All financial liabilities are included in this category unless they are measured at fair value through the profit or loss.

### (l) Taxation

The Financial Statements for the Fund have been prepared on the basis that the income of the Fund is derived in trust for charitable purposes and that the Fund therefore continues to be exempt from income tax within the provisions of the Income Tax Act 2007. Charitable status of the Fund was approved by the Inland Revenue in September 1984, and the Fund was registered with the Charities Commission in 2008 and allocated registration number CC37539.

*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.

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## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (m) Currency

*Functional and presentation currency*

The Fund's Pensioners and Members are primarily located within New Zealand, with all transactions with these parties and the Fund denominated in New Zealand Dollars ("NZD"). The financial statements of the Fund are measured and reported in NZD. The NZD is considered as the currency that most faithfully represents the activities of the Fund. The financial statements are presented in NZD which is the Fund's functional and presentation currency.

### (n) Member Activity

For the defined benefit section of the Fund, Members have the right to request withdrawals, for cash, of their interest of their holding in the Fund at the balance as valued at most recent quarter end plus an adjustment for interest earned to the date of withdrawal, provided that the Member meets certain requirements contained in the Trust Deed. For the defined benefit section, provided the Member meets the requirements contained in the Trust Deed, monies are paid as a lump sum at retirement and a pension to Pensioners. Monies held in the Fund are redeemable at the Member's option and are therefore classified as equity. As each Member's withdrawal request depends on the terms of each individual's Membership situation, including employment contracts, and is subject to the terms of the Trust Deed, the amount of expected cash flows on redemption cannot be calculated.

The Fund does not hold cash or cash equivalents in its own name. As such on acceptance of a valid withdrawal request the Manager, on behalf of the Fund, will sell down holdings in the Fund's investment in the Investment Trust, and where relevent in the FIT, to fund the withdrawal. Quantitative information about the Fund's Member activity is provided in the statement of changes in net assets. The Fund invests alongside other retirement savings products into the Investment Trust. The Member activity of the Fund is factored into the cash policies and processes of the Investment Trust so as to ensure sufficient cash is available to meet the requirements of all underlying Member activity.

There have been no changes to this process from prior years.

### (o) Promised retirement benefits

Promised retirement benefits are the benefits which the Fund is presently obliged to transfer in the future to participants as a result of membership of the Fund up to the date at which the actuarial valuation of promised retirement benefits is determined.

### (p) Contributions and withdrawals

Subject to the terms of the Trust Deed and applicable legislation, contributions and withdrawals are recognised when the Manager has confirmed the validity of a Pensioner or Member's application or withdrawal request.

**(q) Material estimates and judgements**

The preparation of financial statements necessarily requires estimation and judgements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets are outlined in the relevant notes. Land and forestry assets when held directly by the NZACPB on behalf of the Fund and other parties and also when held by the FIT are valued by an independent qualified valuer. The fair value of land has been stated at the current market value of the land. The unencumbered current market value of the land has been determined by reference to recent sales evidence of similar properties. Forestry assets when held directly by the NZACPB on behalf of the Fund and other parties and also when held in the FIT have been valued on a stand based approach for each stand age class which incorporates a mix of valuation methods depending on the age of the trees. Investments are subject to variation due to market and exchange rate fluctuations. Judgement has also been applied in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13. Judgements have been applied in determining the value of accrued benefits disclosed in the financial statements. The material assumptions applied in determining the value of accrued benefits includes: investment return, stipend escalation rate and pension increase rate.

The Manager has also considered the impact of ongoing global events on the reliability of fair values for the underlying investments. This is particularly relevant to the investment in the Investment Trust. It is the Manager's view that where market prices are obtained from recognised exchanges and markets, these markets and exchanges have continued to operate with reliability and hence no change in the valuation process has been deemed necessary. The Investment Trust also invests in assets that are unquoted: registered first mortgages and private equity investments. The mortgage portfolio has been evaluated against assumptions relating to the recent movements in the property market, along with consideration of other factors relevant to the individual mortgages. An increase to the impairment allowance has been reflected against the mortgage portfolio in the Investment Trust for the year ended 31 March 2026. The Manager has undertaken due enquiry with underlying private equity fund managers to establish a view that the valuations provided by these managers as at 31 March 2026 reflect the market conditions at that time across the portfolios. Consideration has been given to the quarterly reporting to 31 March 2026 provided by all private equity managers and their assessment of the impact of global events on their valuations. A risk continues to exist that further information on the impact of ongoing global events could have an impact on the valuations applied by the fund managers and consequently on the unit pricing provided to investors such as the Investment Trust. Valuations may alter significantly over time dependent on the extent and impact that actually occurs to each relevant investment.

Details of material estimates and related assumptions are provided in the relevant notes to the financial statements.

**(r) Comparative information**

There have been no changes to the presentation of comparative information.

**(s) Changes in accounting policy and disclosure**

***(i) New and amended standards and interpretations***

There have been no new or revised accounting standards, interpretations or amendments effective during the period which have a material impact on the Fund's accounting policies or disclosures.

***(ii) New NZ IFRS standards and interpretations issued but not yet adopted***

NZ IRFS 18 Presentation and Disclosure in Financial Statements has been updated to introduce new categories and subtotals within the statement of profit or loss. This standard is effective for reporting periods beginning on or after 1 January 2027 and the Manager is still assessing the impact of implementation of this standard.

## 3 AUDITORS REMUNERATION

Audit fees are paid by the NZACPB and included in the administration fee charged to the Fund. During the year the following fees (incl GST) were paid or payable for audit services and other assurance services provided by the Auditor of the Fund.

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Audit of financial statements - EY | **28,980** | 29,492 |
| Other assurance services provided by EY: | | |
| Members register compliance engagement | **1,207** | 1,262 |
| Custodian internal controls compliance engagement | **4,552** | 4,732 |
| Anti-money laundering and countering the financing of terrorism engagement [1] | **9,378** | - |
| **Total remuneration for assurance services** | **44,117** | **35,486** |

**Note**

(i) The anti-money laundering and countering the financing of terrorism engagement is undertaken at least every three years.

## 4 NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Investment Trust | **11,766,491** | 10,092,875 |
| Forestry Investment Trust | **(95,410)** | - |
| **Total net gain on financial assets at fair value through profit or loss** | **11,671,081** | **10,092,875** |

## 5 NET GAIN/(LOSS) ON FORESTRY, LAND, AND CARBON CREDIT ASSETS

This note provides further detail on the net gain/(loss) on forestry, land and carbon credit assets (forestry pool) when held directly by the NZACPB on behalf of the Fund and other parties.

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| *Net gain/(loss) on forestry and land assets held at fair value through profit or loss:* | | |
| Forests | **1,637** | (58,027) |
| Land | **(88,529)** | 18,558 |
| Total net loss | **(86,892)** | **(39,469)** |

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| *Net gains on disposal of carbon credits held as intangible assets:* | | |
| Gains on carbon credits sold | - | 3,082,515 |
| | - | **3,082,515** |

## 6 INVESTMENTS

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| *At fair value through profit or loss:* | | |
| Investment Trust | **134,811,726** | 133,168,571 |
| Forestry Investment Trust | **6,029,393** | - |
| Forestry | **0** | 2,004,488 |
| Forestry land | **0** | 2,392,025 |
| **Total investments held at fair value through profit or loss** | **140,841,119** | **137,565,084** |
| **Holdings as a percentage of net assets available for benefits** | | |
| Investment Trust | 95.3% | 96.3% |
| Forestry Investment Trust | 4.3% | 0.0% |
| Forestry | 0.0% | 1.4% |
| Forest land | 0.0% | 1.7% |
| | **99.6%** | **99.4%** |

During the current financial year, the NZACPB established the Forestry Investment Trust for the purpose of holding all the forestry and related investment assets as trustee for parties (including the Fund) who participate as beneficiaries of the FIT. The Trustee of the FIT is the NZACPB. The FIT is a registered PIE, and more specificially a Land PIE.

As at 31 March 2026, all foresty assets managed by the NZACPB were held in the FIT. This included a new property purchased in November 2025 for the purpose of developing a forest, and on 31 March 2026, all forestry and land assets held directly by the NZACPB on behalf of the Fund and other parties were sold to the FIT at the independently determined fair values for those assets as at 31 March 2026.

Forestry and forestry land balances as at 31 March 2025 relate to assets held directly by the NZACPB on behalf of the Fund and other parties. As at 31 March 2026, the Fund's exposure to forestry and land assets is held entirely through its financial interests in the FIT.

*Forestry assets held directly by the NZACPB on behalf of the Fund and other parties*

The NZACPB directly held one forest in Hawke's Bay. The land and forest were sold to the FIT on 31 March 2026 at the independently determined market values that applied for 31 March 2026. There was no change to the beneficial interests of the investors immediately following the sale and purchase transaction, but the transaction resulted in a change in the form of the Fund's investment from direct holdings to a financial interest in the FIT. As at 31 March 2026, the Fund holds a 0% interest in the forestry pool (2025: 37%). As at 31 March 2026, the Fund holds a 38% interest in the FIT. The forest itself and land under the forest were separately valued and were held for capital gain.

The Hawke's Bay forest is predominantly a post-1989 forest. The Trustee opted into the Emissions Trading Scheme ("ETS") for this forest and the existing registration of 659.8 hectares of Hapua land (2025: 659.8 ha) in the ETS was transferred to the FIT.

During the current financial year a Mandatory Emissions Return for the period 1 January 2023 to 31 December 2025 was submitted, after which the NZACPB was allocated 30,911 carbon credits (NZUs) to its New Zealand Emissions Trading Register (ETR) account. Prior to this allocation, the NZACPB had no NZUs on its ETR account as they had all been sold during the prior financial year. The NZUs when held, were classified as intangible assets, and the Trustee elected to recognise these at cost. The 30,911 NZUs were all transferred to the FIT on 31 March 2026 at nil value, being the cost incurred for these NZUs. All obligations associated with these NZUs to meet future carbon obligations were also transferred to the FIT on 31 March 2026. The value of the NZUs held directly by the NZACPB on behalf of the Fund and other parties is nil at 31 March 2026 (2025: nil).

## 6 INVESTMENTS *(continued)*

*Forestry assets held directly by the NZACPB on behalf of the Fund and other parties (continued)*

The NZUs apportioned to the Fund (in the same manner the forest crop and land in the forestry pool are allocated) as at 31 March 2026 are as follows:

| | 2026 | 2025 |
|---|---|---|
| Registered hectares of land in ETS | - | 349.79 |
| NZUs (carbon credits) | - | - |
| Estimated carrying value of NZUs | **$0** | $0 |

## 7 LOANS

| Loans to the NZACPB comprise: | Notes | 2026 $ | 2025 $ |
|---|---|---|---|
| **Current loans to the NZACPB** | | | |
| Anglican House loan | (i) | **487,787** | 487,787 |
| Operating capital | (ii) | **129,231** | 245,181 |
| **Total loans to the NZACPB:** | | **617,018** | **732,968** |

**Notes**

(i) The loan for Anglican House was established for the purchase of half of the building at 32 Mulgrave Street, Wellington. Interest is paid at 2% over the current Reserve Bank 90 day bank bill rate. The date of principal repayment has not been set and is repayable on demand.

(ii) The loan for operating capital was established 1 April 2015. This is to fund the operational cash requirements of the NZACPB. Interest is paid at 3% over the current Reserve Bank 90 day bank bill rate. This loan is operational in nature, has no set principal, and is repayable on demand.

Both of these loans are secured by way of a first ranking mortgage to the Fund over the NZACPB's 50% interest in Anglican House.

Loans receivable are classified as financial assets at amortised cost. Loans payable are classified as other financial liabilities at amortised cost. The carrying value of the loans does not materially differ to their fair value.

## 8 FUNDING ARRANGEMENTS

**Funding policy**

The funding policy in respect of the Fund is directed at ensuring that benefits accruing to Members and beneficiaries are fully funded as the benefits fall due. As such, in determining the appropriateness and adequacy of the current contribution rates, the actuary has made long term assumptions regarding such factors as Fund membership, stipend and benefit growth, and investment income, and taken the current value of Fund assets into account.

Clergy contributed to the Fund during the period at the rate of 6% (2025 - 6%) of gross stipend.

During the period the Church has contributed to the Fund at the rate required by the Rules as follows:

Defined Benefit Section: 9% (less withholding tax) (2025 - 9%) of the gross stipends of those clergy who were members of this Section.

Complying Fund Section: 9% (less withholding tax) (2025 - 9%) of the gross stipends of those clergy who were members of this Section.

Thus, any difference between the assets and liabilities of the Fund as recorded in each period is determined by assumptions regarding future benefit outgoings and future contribution income, except for the effects of the following factors:

(a) Variations in the experience of the Fund from that assumed when reviewing the net assets of the Fund; and
(b) Valuing investment assets at net market values as at the balance date (necessary to display the net assets of the Fund at that date) rather than adopting such values as used by the actuary for purposes of valuing the Fund as a going concern.

As noted above, the funding policy adopted for the Fund is intended to compensate for these effects in the long term.

**Retirement benefits**

The retirement benefits from the Defined Benefit Section are determined by the number of years of contributory membership.

The retirement benefits from the Complying Fund Section are determined by a mix of the number of years of contributory membership and the value of contributions to the Locked in Account together with investment earnings on these contributions over the period of membership.

**Termination terms**

The Fund Rules set out the basis on which the Fund can be terminated.

**Guaranteed benefits**

Members of the Fund are guaranteed the return of their contributions as a minimum benefit.

## 9 ACTUARIAL VALUATION

In accordance with the Fund's rules, and legislation, an actuarial investigation of the Fund must be made at no more than three yearly intervals. The last full valuation of the Fund was conducted as at 31 March 2023, by Simon Ferry of Aon, a Fellow of the New Zealand Society of Actuaries. His report is dated 4 October 2023.

The previous report was conducted as at 31 March 2020. The following changes in actuarial assumptions since the report dated 31 March 2020 are:

An increase in the investment return from 4.75% to 5.50%

An increase in the Pension Increase rate from 1.5% to 2.25%

The estimated impact of these changes is an increase of $6,768,000 to the Fund's net position representing excess assets and future contributions over total service liabilities.

## 9 ACTUARIAL VALUATION *(continued)*

**Accrued benefits**

As at 31 March 2023 the Actuary placed a value of $121,174,000 (2020: $116,100,000) on the accrued benefits of the Fund ($7,089,000 (2020: $5,018,000) of this value relates to the complying fund portion of the Fund). Accrued benefits are the present value of future benefits payable from the Fund attributable to membership of the Fund up to the date of valuation. The value used for the assets of the Fund was $125,043,000 (2020: $112,736,000), which was the value of the Fund's assets as per the Statement of Financial Position as at 31 March 2023 ($7,089,000 (2020: $5,018,000) of this value relates to the complying fund portion of the Fund).

Significant actuarial assumptions used in the valuation of accrued benefits were:

Investment return 5.50%
Stipend escalation rate 2.25%
Pension increase rate 2.25%

Rates of mortality and ill-health are based on standard tables and rates used for similar funds in New Zealand.

The Actuary confirmed that the current levels of Church and Member contributions are adequate for the provision of benefits and expected future inflationary increases in benefit. The next actuarial investigation of the Fund is due as at 31 March 2026 the results of which will not be available until post finalisation of the 31 March 2026 financial statements. The Actuary confirmed that the Fund's financial position and security of Members' benefits remained satisfactory as at 31 March 2023.

**Vested benefits**

Vested Benefits are benefits to which the members are entitled which do not depend on their continued membership of the Fund. They are the accrued pension and lump sum benefits payable to all active members at retirement age and the pensions currently in payment to pensioners. The Actuary valued these benefits on the same assumptions as for accrued benefits but made no allowance for increases in future benefit rates as increases are discretionary. On this basis, the Actuary has placed a value of $91,896,000 on the Vested Benefits as at 31 March 2023 (2020: $95,163,000) with the Vested Benefits Solvency Ratio assessed at 136.1% (2020: 118.5%). The Actuary concluded that assuming no significant changes to the Fund or its membership there is no reason to expect any significant change to the ratios of assets to Vested Benefits over the next three years, if the assumptions used in this report are borne out in practice.

**Sensitivity analysis**

To assess the impact of a change in the future investment return or in the pensioner mortality assumptions, valuation results allowing for changes to each of these assumptions have been undertaken. The altered assumptions, with all other assumptions unchanged, are:

**9 ACTUARIAL VALUATION *(continued)***

**Sensitivity analysis (*continued*)**

| | | | |
|---|---|---|---|
| **Date of valuation** | **31 March 2023** | | |
| Lower investment return | 4.50% pa | | |
| Lighter mortality | NZLT 2017-19 with age set back of 4 years | | |

| | Current $000 | Lighter Mortality $000 | Lower Investment Return $000 |
|---|---|---|---|
| **Past service** | | | |
| Value of assets per audited financial statements | 125,043 | 125,043 | 125,043 |
| Value of accrued liabilities | (121,174) | (124,760) | (133,625) |
| **Excess of accrued liabilities over assets** | **3,869** | **283** | **(8,582)** |
| **Future service** | | | |
| Future service liability to be funded by the Church | (7,448) | (7,667) | (10,675) |
| Value of Church subsidy of Member contributions | 5,362 | 5,370 | 5,773 |
| **Excess of assets and future contributions over total service liabilities** | **1,783** | **(2,014)** | **(13,484)** |

The table shows that the surplus on past service of $3,869,000 as at 31 March 2023 is expected to reduce with future service liabilities, contributions and returns giving a total excess of assets and future contributions over total service liabilities of $1,783,000. The table also shows both lower mortality rates and lower investment earnings could have a significant negative impact on both the current surplus and total service surplus.

The total excess in assets and future contributions over total service liabilities becomes a deficit under the two additional scenarios. As against the value of Net Assets Available for Benefits ($125,043,000) as at 31 March 2023 the outcome is reduced by 3.0% under the Lighter Mortality scenario and by 12.2% under the Lower Investment Return scenario, as above.

The value of assets as at 31 March 2026 has increased to $141,458,000, an increase of $16,415,000 as against the value of assets used for the actuarial valuation above, reflecting positive returns since 31 March 2023.

9 **ACTUARIAL VALUATION** ***(continued)***

**Sensitivity analysis (*continued*)**

| | |
|---|---|
| **Date of valuation** | **31 March 2020** |
| Lower investment return | 3.75% pa |
| Lighter mortality | NZLT 2012-14 with age set back of 4 years |

| | Current $000 | Lighter Mortality $000 | Lower Investment Return $000 |
|---|---|---|---|
| **Past service** | | | |
| Value of assets per audited financial statements | 112,736 | 112,736 | 112,736 |
| Value of accrued liabilities | (116,100) | (119,583) | (128,500) |
| **Excess of accrued liabilities over assets** | **(3,364)** | **(6,847)** | **(15,764)** |
| **Future service** | | | |
| Future service liability to be funded by the Church | (7,384) | (7,608) | (10,549) |
| Value of Church subsidy of Member contributions | 5,763 | 5,771 | 6,202 |
| **Excess of assets and future contributions over total service liabilities** | **(4,985)** | **(8,684)** | **(20,111)** |

The table shows that the deficit or loss on past service of $3,364,000 as at 31 March 2020 is expected to increase further with future service liabilities, contributions and returns giving a total service loss of $4,985,000. The table also shows both lower mortality rates and lower investment earnings could have a significant negative impact on both the current deficit and total service loss.

The total shortfall in assets and future contributions over total service liabilities under the two additional scenarios, as against the value of Net Assets Available for Benefits ($112,736,000) as at 31 March 2020 is 3.3% higher under the Lighter Mortality scenario and 13.4% higher under the Lower Investment Return scenario, as above.

10 **THE NEW ZEALAND ANGLICAN CHURCH PENSION FUND ACT 1972**

The Fund was created under an Act of Parliament, The New Zealand Anglican Church Pension Fund Act 1972. The Act authorised trustees of trust funds for the benefit of retired Anglican clergy to transfer the assets of such funds to the NZACPB for amalgamation with the Fund, or for administration by the NZACPB. The various Diocesan Pension Funds and other trust funds were transferred to the Fund under this Act.

Under the rules of the Fund, should the Fund ever be wound up, any remaining unused trust funds held for amalgamation or administration after Members have been paid their termination entitlements, will be vested with the trustees of the General Church Trust.

The Fund therefore has three components under the control of the Trustee which are recognised separately: the Diocesan Pension Funds called the Contributory and Donor Funds (see Note 14) the trusts held for amalgamation called the Pension Fund Act Amalgamated Trusts (see Note 15) and the trusts held for administration called the Pension Fund Act Administered Trusts (see Note 16).

Income is attributed to each of the above three components of the Pension Fund according to average asset balances. The NZACPB has decided that any income earned by the Pension Fund Act Amalgamated Trusts and the Pension Fund Act Administered Trusts will be applied firstly to the preservation of the real value of the capital of these trusts in relation to inflation. Any income available after capital maintenance is transferred to the Contributory and Donor Funds. Any deficits in revenue after the capital inflation adjustment are carried forward until they are restored from income earned.

The Pension Fund is also a beneficiary of certain Trusts over which the Trustee does not exercise direct control. These Trusts are explained in Note 17.

## 11 ATTRIBUTION OF NET INVESTMENT INCOME

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| **Average share of capital:** | | |
| Contributory and Donor Funds (see Note 14) | **127,455,050** | 122,421,092 |
| Pension Fund Act Amalgamated Trusts (see Note 15) | **6,985,656** | 6,794,994 |
| Pension Fund Act Administered Trusts (see Note 16) | **73,744** | 71,732 |
| **Total** | **134,514,450** | **129,287,818** |
| **Net investment income** | | |
| Investment income | **11,584,189** | 13,135,921 |
| Investment expenses | **(625,820)** | (545,161) |
| **Total** | **10,958,369** | **12,590,760** |
| **Net investment income is allocated to:** | | |
| Contributory and Donor Funds | **10,383,267** | 11,922,040 |
| Pension Fund Act Amalgamated Trusts | **569,094** | 661,734 |
| Pension Fund Act Administered Trusts | **6,008** | 6,986 |
| **Total** | **10,958,369** | **12,590,760** |

## 12 RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO MEMBERS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| **Net profit after tax** | **9,848,869** | **11,572,163** |
| *Adjusted for non-cash items included in profit* | | |
| Net movement on fair value of investments | **(11,671,081)** | (10,092,875) |
| Net movement on forestry assets | **86,892** | 39,469 |
| Investment expenses | **625,820** | 545,161 |
| *Adjusted for working capital movements in operating activities* | | |
| Net movement in payables | **-** | - |
| Net movement in loans outstanding | **115,950** | 113,207 |
| Net sales of investments | **7,682,334** | 3,748,127 |
| **Total cash inflows from operating activities** | 6,688,784 | 5,925,252 |

## 13 RELATED PARTIES

*(a) Responsible Entities*

The NZACPB is the Manager, Trustee, Administrator, and Custodian of the Fund.

The NZACPB is a related party of the Fund. The NZACPB is trustee of the Fund under the relevant Acts of Parliament, Canons and Rules. The Fund has a defined interest in the Investment Trust and FIT of the NZACPB, and has had a defined interest in other investments held by the NZACPB as Trustee.

The services provided by the NZACPB directly to the Fund include all fund administration requirements, fund accounting, registry and member services, and investment management of the Fund. These charges are shown in (d) below as fund administration expenses. The NZACPB also charges fees to the Investment Trust and the FIT for investment management, accounting, and administration services provided to each of the Investment Trust and the FIT. The Fund's share of these charges is shown in (d) below as investment administration expenses.

*(b) Details of Key Management Personnel*

**Board Members**

The Members of the NZACPB Board are considered to be Key Management Personnel.

The NZACPB has the authority for the strategic direction and management of the Fund.

**Key management personnel transactions**

Other than to the Licenced Independent Trustee, no amounts (2025: Nil) have been paid to NZACPB Board Members in their capacity as Members of the Trustee of the Fund. Members of the Trustee may have an interest in the Fund in their capacity as Members of the Fund. All transactions between these parties is pursuant to, and governed by, the terms of the Trust Deed.

*(c) Licenced Independent Trustee fees*

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Licenced Independent Trustee fees | 23,823 | 21,628 |
| | **23,823** | **21,628** |

*(d) Manager's fees*

| The NZACPB's administration charges to the Fund were: | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Investment administration | 449,879 | 383,755 |
| Fund administration | 1,013,045 | 997,370 |
| | **1,462,924** | **1,381,125** |

Investment expenses charged to the Fund include fees paid to the NZACPB as shown above along with other third party investment expenses incurred. Fund administration charges represent Administration expenses less audit fees paid.

## 14 CONTRIBUTORY AND DONOR FUNDS

Note 10 explains the origin of the Contributory and Donor Funds.

| | Notes | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **Opening balance** | | **131,362,690** | **125,898,988** |
| Investment income earned | 11 | **10,383,267** | 11,922,040 |
| Other Income (Trust and Estate contributions & Interest on Loans) | | **74,070** | 103,359 |
| *Less expenses* | | | |
| Audit Fee | | - | - |
| Administration | 13 | **(1,057,162)** | (1,032,856) |
| Legal expenses | | **(27,255)** | (7,995) |
| Actuarial expenses | | **(35,765)** | (27,198) |
| Statutory Fees | | **(28,083)** | (20,798) |
| Other expenses | | **(35,305)** | (33,109) |
| **Total expenses** | | **(1,183,570)** | **(1,121,956)** |
| **Surplus before membership activities** | | **9,273,767** | **10,903,443** |
| **Net Membership Activities** | | **(6,705,780)** | (5,937,195) |
| Transfers from: | | | |
| Pension Fund Act Amalgamated Trusts | 15 | **357,246** | 492,257 |
| Pension Fund Act Administered Trusts | 16 | **3,772** | 5,197 |
| **Closing balance** | | **134,291,695** | **131,362,690** |
| **Average Capital Calculation** | | | |
| Opening Balance | | **131,362,690** | 125,898,988 |
| Closing Balance less Investment Income and transfers from other Trusts | | **123,547,410** | 118,943,196 |
| **Average Capital** | | **127,455,050** | **122,421,092** |

## 15 PENSION FUND ACT AMALGAMATED TRUSTS

Note 10 explains the origin of the Pension Fund Act Amalgamated Trusts.

| | | 2026 $ | 2025 $ |
|---|---|---|---|
| **Revenue Account** | | | |
| Opening Balance | | - | - |
| Investment Income Earned | 11 | 569,094 | 661,734 |
| Transfer to Capital Account - Inflation Adjustment | | (211,848) | (169,477) |
| Transfer to Contributory and Donor Funds | 14 | (357,246) | (492,257) |
| **Closing Balance** | | - | - |
| **Capital Account** | | | |
| Opening Balance | | 6,879,732 | 6,710,255 |
| New Bequest of Capital | | - | - |
| Transfer from Revenue Account - Inflation Adjustment | | 211,848 | 169,477 |
| **Closing Balance** | | **7,091,580** | **6,879,732** |

| The inflation adjusted capital value of the individual trusts are: | 2026 $ | 2025 $ |
|---|---|---|
| Fitzgerald Bequest | 2,476,964 | 2,402,970 |
| McCaul Trust | 2,262,654 | 2,195,062 |
| Auckland Clergy Supplementary Fund | 272,875 | 264,723 |
| Dunedin Trusts | | |
| (Gall, Joachim, Moore, Nicholas, Rankin, Price #1) | 258,445 | 250,724 |
| Saunders Bequest | 927,395 | 899,691 |
| Phillips Endowment | 285,580 | 277,049 |
| Graham Endowment | 7,424 | 7,202 |
| Wellington Bishopric Endowment | 148,223 | 143,795 |
| Anderson Estate | 321,514 | 311,909 |
| Smith Estate | 130,506 | 126,607 |
| | **7,091,580** | **6,879,732** |
| *Average Capital Calculation* | | |
| Opening Balance | **6,879,732** | 6,710,255 |
| Closing Balance | **7,091,580** | 6,879,732 |
| **Average Capital** | **6,985,656** | **6,794,994** |

## 16 PENSION FUND ACT ADMINISTERED TRUSTS

Note 10 explains the origin of the Pension Fund Act Administered Trusts.

| | | 2026 $ | 2025 $ |
|---|---|---|---|
| **Revenue Account** | | | |
| Opening Balance | | - | - |
| Investment Income Earned | 11 | 6,008 | 6,986 |
| Transfer to Capital Account - Inflation Adjustment | | (2,236) | (1,789) |
| Transfer to Contributory and Donor Funds | 14 | (3,772) | (5,197) |
| **Closing Balance** | | - | - |
| **Capital Account** | | | |
| Opening Balance | | 72,626 | 70,837 |
| Transfer from Revenue Account - Inflation Adjustment | | 2,236 | 1,789 |
| **Closing Balance** | | 74,862 | 72,626 |
| The inflation adjusted capital value of the individual trusts are: | | | |
| Cameron | | 19,950 | 19,354 |
| Bridges | | 20,803 | 20,182 |
| Willis | | 34,109 | 33,090 |
| **Closing Balance** | | 74,862 | 72,626 |
| *Average Capital Calculation* | | | |
| Opening Balance | | 72,626 | 70,837 |
| Closing Balance | | 74,862 | 72,626 |
| **Average Capital** | | 73,744 | 71,732 |

## 17 TRUSTS & ESTATES OUTSIDE THE PENSION FUND

The Fund is one of the beneficiaries of a number of trusts and estates but has no control over the investment or disposition of the capital or income, and as a consequence those assets have not been included in the financial statements of the Fund and revenue is recognised when it is received. The annual income from these trusts and estates has been included in other income in the Contributory and Donor Funds.

The trusts and estates are the Estate of Amelia Bullock-Webster, Estate of Ernest Price, Estate of F E Douglas and Bishop Sprott Memorial Fund.

## 18 FINANCIAL AND OTHER RISK MANAGEMENT

The Fund holds interests in sectors of the Investment Trust and in the FIT and up until the underlying assets were sold on 31 March 2026, in pooled forestry assets (the "forestry pool"). The Investment Trust and the FIT are related parties of the Fund and share the same Manager.

Risks arising from holding investments indirectly through the Investment Trust, and the FIT and (when held) direct investments in the forestry pool, are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. Through these holdings the Fund is exposed to credit risk, market price risk and liquidity and cash flow risk arising from the investments held.

Investments indirectly held by the Fund comprise investments in financial assets for the purpose of generating a return on the investment made on behalf of Members. Investments held directly by the Fund, in addition to forestry and land when held through the forestry pool, include net assets attributable to Members, and other investments such as receivables and payables, which arise from its operations.

The Fund may be exposed to credit risk, market risk (including unit price risk, foreign exchange risk and interest rate risk), and liquidity and cash flow risk arising from the investments held.

The Manager, as Responsible Entity, is responsible for identifying and controlling the risks that arise from these investments.

The Trustee has approved a SIPO which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset reallocations undertaken as required.

The Fund's policies set out in the SIPO and in the Investment Policies, Authorities and Limits ("PALS") specify risk management strategies for each asset class and for each type of risk including liquidity, credit, market, currency and interest rate risks, and the SIPO and PALS also specify how derivatives may be used to manage risk.

The risks are measured by simulating the impact on the results and net assets from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Risk exposures as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate.

Concentrations of risk arise when a number of investments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

## 18 FINANCIAL AND OTHER RISK MANAGEMENT *(continued)*

**(a) Credit risk**

Credit risk is primarily concentrated with the NZACPB. Credit risk represents the risk that the counterparty will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund holds no cash and cash equivalents directly. Receivables and the loan to the NZACPB are not past due and are not considered impaired. The carrying amount of these assets best represents their maximum credit risk exposure at the reporting date.

**(b) Market price risk**

Market price risk is the risk that the value of the Fund's holdings in the Investment Trust and the FIT will fluctuate as a result of changes in market prices. This risk is managed within the underlying investments by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Market risk comprises three types of risk; foreign currency risk, interest rate risk and other price risk.

*(i) Foreign currency risk*

Foreign currency risk is the risk that the value of an investment will fluctuate because of changes in foreign exchange rates. The Fund has indirect foreign exchange risk as it invests, through the Investment Trust, in cash, international fixed interest stock, shares and private equity, which exposes the Fund to currency risks.

*(ii) Interest rate risk*

Interest rate risk represents the risk that the value of an investment will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in the underlying interest rates relate primarily to investments in fixed interest bonds and debentures held by the Investment Trust.

The Manager actively monitors interest rate risk exposure and takes actions as necessary. This includes regular review of interest rates applicable to underlying cash balances. The Fund has no material direct investments subject to interest rate risk.

*(iii) Other price risk*

Other price risk represents the risk that the value of an investment will fluctuate because of changes in market prices other than interest rates and foreign currency rates.

**Market price risk sensitivity analysis**

The analysis below shows the effect on net assets available for benefits that would result in reasonable changes in the fair value of the Fund's investment in the Investment Trust and the FIT.

| *Increase/(decrease) in profit and loss and net assets available for benefits* | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Amount exposed to market risk | **140,841,119** | 133,168,571 |
| Market -10% | **(14,084,112)** | (13,316,857) |
| Market +10% | **14,084,112** | 13,316,857 |

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## 18 FINANCIAL AND OTHER RISK MANAGEMENT *(continued)*

### (c) Liquidity and cash flow risk

Liquidity and cash flow risk is the potential inability for the Fund to meet its payment obligations, which could arise as a result of mismatched cash flows. The Fund holds no cash and cash equivalents directly instead investing through the Investment Trust. Liquidity and cash flow risk strategies have been adopted by the Investment Trust within the guidelines provided by the Trustees. For payables the contractual cash flows are materially equivalent to their carrying amount. These balances are repayable within 12 months.

### (d) Estimation of fair values

NZ IFRS 13 Fair Value Measurement, requires the Fund to measure and disclose fair values using a three level fair value hierarchy.
The following table provides an analysis of the underlying investments held by the Fund in the Investment Trust and the FIT that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Fund's investments at fair value through profit or loss are classified as follows:

| | Notes | 2026 $ | 2025 $ |
|---|---|---|---|
| **Level 2** | | | |
| Investment Trust | 2e | **134,811,726** | 133,168,571 |
| **Total Level 2** | | **134,811,726** | **133,168,571** |
| **Level 3** | | | |
| Forestry Investment Trust | 2e | **6,029,393** | - |
| **Total Level 3** | | **6,029,393** | - |

There were no transfers between levels in 2026 or 2025.
The fair value of the Fund's investment in the Investment Trust is based on underlying observable market prices. The Fund's holding in the Investment Trust is based on the actual cash flow between the two entities, plus the quarterly allocation of positive or negative interest on the cash weighted holding of the Fund. Where there are no quoted prices for underlying assets, fair values of the underlying assets may be impaired based on objective analysis and assessment of qualitative factors made.

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## 18 FINANCIAL AND OTHER RISK MANAGEMENT *(continued)*

### (d) Estimation of fair values *(continued)*

The fair value of the Fund's investment in the Forestry Investment Trust is based on underlying independent valuations of land, buildings, and forestry assets held by the FIT. The valuations are undertaken by independent qualified valuers. Land is stated at the current market value of the land. The unencumbered current market value of land has been determined by reference to recent sales evidence of similar properties. Buildings are valued at the lower of current market value or purchase price. The forest crop is valued on a stand based approach for each stand age class. This comprises of a mix of compounding cost methods for trees up to two years in age, a hybrid method for trees aged between three and four years, and an expectation approach for trees aged five or more. The Fund's holding in the FIT is based on the actual cash flow between the two entities, plus the quarterly allocation of positive or negative interest on the cash weighted holding of the Fund. Fair values of the FIT's underlying assets may also be impaired based on objective analysis and assessment of qualitative factors made.

**Forestry assets held directly by the NZACPB on behalf of the Fund and other parties**

Until sold to the FIT on 31 March 2026, the forestry and land assets held comprised the Hawke's Bay forest and land. The TAA for the Fund sets out the percentage of its total investments to be held in the alternative assets sector which includes forestry and land assets held directly by the NZACPB on behalf of the Fund and other parties, and investment in the FIT.

| | | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **Forests** | | | |
| Opening balance | | **2,004,488** | 1,896,397 |
| Net gains/(losses) at fair value through profit or loss | | **1,637** | (58,027) |
| Net sales/reallocation in holdings from/(to) other investors | | **(2,006,125)** | 166,118 |
| Closing balance | i | **-** | 2,004,488 |
| **Forest land** | | | |
| Opening balance | | **2,392,025** | 2,290,306 |
| Net gains at fair value through profit or loss | | **(88,529)** | 18,558 |
| Net sales/reallocation in holdings from/(to) other investors | | **(2,303,496)** | 83,161 |
| Closing balance | ii | **-** | 2,392,025 |
| **Total** | | **-** | **4,396,513** |

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## 18 FINANCIAL AND OTHER RISK MANAGEMENT *(continued)*

### (d) Estimation of fair values *(continued)*

***Valuation processes for the forestry and land assets held directly by the NZACPB on behalf of the Fund and other parties***

Prior to its sale to the FIT on 31 March 2026, the Hawke's Bay forest land fair value was stated at the current market value of the land determined for 31 March 2026. The unencumbered current market value of the land was determined by reference to recent sales evidence of similar properties. The land and forest have been valued at 31 March 2026 by an independent qualified valuer, M H Morice B.Com.Ag (VFM), Dip.Fore., SPINZ, ANZIV, RMNZIF. Land is categorised in level 3 of the fair value hierarchy (2025: Level 3) and there were no transfers between the levels in the current or prior year. On 31 March 2026, the FIT purchased the land at the market value independently determined for 31 March 2026.

Prior to its sale to the FIT on 31 March 2026, the external valuer determined the valuation of the tree crop. Inputs used in determining the valuation included size, age and condition of the forest and land, the state of the local economy, and comparable prices in the corresponding national economy. The current planting was valued on a stand based approach for each stand age class. This comprised of a mix of compounding cost methods for trees up to two years in age (2025: up to two years in age), a hybrid method for trees aged between three and four years (2025: between three and four years), and an expectation approach for trees aged five or more (2025: five years or more). The forest is categorised in level 3 of the fair value hierarchy (2025: Level 3) and there were no transfers between the levels in the current or prior year. On 31 March 2026, the FIT purchased the forest crop at the market value independently determined for 31 March 2026.

*i Forest*

| | |
|---|---|
| **Description:** | Interests in forests |
| **Fair value at 31 March 2026:** | **$0** |
| **Valuation technique:** | Independently valued: compounding cost, expectation approach, and a hybrid of these two methods depending on the age of the stand. |
| **Unobservable inputs:** | The discounted cash flow calculation used to determine the value of trees aged two year or more is reliant on the following significant estimates: recoverable log volumes, log grades, log prices, production costs and the discount rate used. |
| **Description:** | Interests in forests |
| **Fair value at 31 March 2025:** | **$2,004,488** |
| **Valuation technique:** | Independently valued: compounding cost, expectation approach, and a hybrid of these two methods depending on the age of the stand. |
| **Unobservable inputs:** | The discounted cash flow calculation used to determine the value of trees aged two year or more is reliant on the following significant estimates: recoverable log volumes, log grades, log prices, production costs and the discount rate used. |

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## 18 FINANCIAL AND OTHER RISK MANAGEMENT *(continued)*

### (d) Estimation of fair values *(continued)*

***Valuation processes for the forestry and land assets held directly by the NZACPB on behalf of the Fund and other parties***

*ii Forest land*

| | |
|---|---|
| **Description:** | Interests in forest land |
| **Fair value at 31 March 2026:** | **$0** |
| **Valuation technique:** | Independently valued: market approach. |
| **Unobservable inputs** | **Relationship of unobservable inputs at fair value** |
| Market approach | Land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour.<br>Productive land has been valued on the basis of being in a hypothetical state suitable for planting and the forestry right has ceased as the previous rotation tree crop has been harvested. Consideration has also been given to any higher and better use of the land other than forestry along with improvements in the form of fencing and tracking. |

| | |
|---|---|
| **Description:** | Interests in forest land |
| **Fair value at 31 March 2025:** | **$2,392,025** |
| **Valuation technique:** | Independently valued: market approach. |
| **Unobservable inputs** | **Relationship of unobservable inputs at fair value** |
| Market approach | Land classes have been compared against recent sales of properties following adjustment for size, ETS status, productivity, altitude, locality, timing of sale and contour.<br>Productive land has been valued on the basis of being in a hypothetical state suitable for planting and the forestry right has ceased as the previous rotation tree crop has been harvested. Consideration has also been given to any higher and better use of the land other than forestry along with improvements in the form of fencing and tracking. |

### (e) Capital management

Net assets available for benefits can be considered to be the Fund's capital for the purposes of capital management. The Fund does not have to comply with externally imposed capital requirements. The Fund has established policies to manage the net assets and capital with the objective of providing returns and retirement benefits whilst ensuring that net assets available are sufficient to meet future and present obligations. The Fund's management reviews the performance on a regular basis.

## 19 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets or liabilities or commitments as at 31 March 2026 (2025: Nil).

## 20 EVENTS OCCURING AFTER BALANCE DATE

There have been no material events after reporting date that require adjustment to, or disclosure in the financial statements.

# Independent auditor’s report to the members of The New Zealand Anglican Church Pension Fund

## Opinion

We have audited the financial statements of The New Zealand Anglican Church Pension Fund (the “Fund”), which comprise the statement of financial position of the Fund as at 31 March 2026, the statement of financial performance, statement of changes in membership activities and the statement of cash flows for the year then ended of the Fund, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Fund’s members, as a body. Our audit has been undertaken so that we might state to the Fund’s members those matters 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 and the Fund’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 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)* issued by the New Zealand Auditing and Assurance Standards Board as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standard 1.

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

Ernst & Young provides other assurance services to the Fund. Partners and employees of our firm may deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. We have no other relationship with, or interest in, the Fund.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, 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, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Investment in the New Zealand Anglican Church Pension Board Investment Trust ("Investment Trust")

| Why significant | How our audit addressed the key audit matter |
|---|---|
| ▪ The Fund's investment in the Investment Trust represents substantially all of its total assets.<br>▪ The Investment Trust invests in a range of asset types including (in order of quantum at balance date) equities, fixed interest securities, deposits, mortgages and private equity holdings.<br>▪ As detailed in the Fund's accounting policies, as described in Note 2 to the financial statements, this financial asset is recognised at fair value through profit or loss in accordance with NZ IAS 26: *Accounting and Reporting by Retirement Benefit Plans*.<br>▪ Market volatility can have a significant impact on the value of some of the Investment Trust's assets, and the nature of some of these investments means there is increased subjectivity and uncertainty in assessing their value at any point in time. As a result the valuation of the Fund's interest in the Investment Trust is considered a key area of audit focus.<br>▪ Disclosures regarding the Fund's investment at 31 March 2026 are included in Note 6 to the financial statements and regarding the judgements and estimates made in the valuation of the Fund's investment in the Investment Trust are included in Note 2(q) to the financial statements. | In relation to the valuation of the Fund's investment in the Investment Trust our procedures included:<br>▪ Gaining an understanding of the processes used to record investment transactions and the revaluation of the Fund's investment in the Investment Trust; and<br>▪ Agreeing the Fund's investment in the Investment Trust to its share of the Investment Trust's Net Assets Attributable to Unit Holders.<br>In relation to the Investment Trust's assets other than mortgage and private equity investments:<br>▪ Gaining an understanding of the processes used to record investment transactions and the revaluation of the investment portfolio;<br>▪ Receiving direct third party confirmations of investment holdings and exit prices at balance date; and<br>▪ Agreeing a sample of investment exit prices at balance date to independent pricing sources.<br>For the international fixed interest securities, additional procedures included;<br>▪ Considering the reasonableness and reliability of the unit pricing confirmations provided by the managers of the funds in which the Funds invest, by comparing the price inferred by the net assets and number of units issued recorded in their latest available audited financial statements to the reported unit price at that date.<br>In relation to the Investment Trust's interests in private equity funds our procedures included:<br>▪ Receiving direct confirmations of investment holdings at balance date from the relevant private equity fund managers; |

| Why significant | How our audit addressed the key audit matter |
|---|---|
| | ▪ Assessing the impact of calls and distributions on the carrying value of investment holdings at balance date;<br>▪ Considering quarterly reporting by each private equity fund manager;<br>▪ Considering the reasonableness and reliability of the holding confirmations provided by the managers of the funds in which the Funds invest, by comparing the value inferred by the net assets recorded in their latest available audited financial statements.<br>In relation to the Investment Trust's mortgage assets our procedures included:<br>▪ Confirming a sample of mortgage asset balances directly with mortgagees;<br>▪ For a sample of new mortgage assets issued during the period, considering external valuations of the mortgaged properties and agreeing property title information to confirm the mortgage was registered and secured;<br>▪ Assessing the calculation of the fair value of the mortgage assets, in particular considering key inputs including market interest rates and the recoverability of the mortgages assets; and<br>▪ Considering payment history and aging profile of the mortgage asset portfolio.<br>Assessing the disclosures in the financial statements, including whether they appropriately reflected the Fund's exposure to financial instrument risk with reference to NZ IFRS 7 *Financial Instruments: Disclosures*. |

## Information other than the financial statements and auditor's report

The Trustee is responsible for the other information. The information comprised the annual report, but does not include the financial statements and auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustees and, if uncorrected, to take appropriate action to bring the matter to the attention of members for whom our auditor's report was prepared.

## Trustee' responsibilities for the financial statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Trustee determine 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 Trustee is responsible for assessing on behalf of the Fund, 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 Trustee either intends to liquidate the Fund or 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 International Standards on Auditing (New Zealand) 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 the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-2/. This description forms part of our auditor's report.

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

Ernst + Young

Chartered Accountants
Wellington
25 June 2026