



# Pathfinder KiwiSaver Plan

## Annual Report 2022

For the year end 31 March 2022

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**Certified**



**Corporation**

*Signatory of:*



**Contact us:**

**Phone** 0800 ETHICAL (384 4225)

**Email** [info@pathfinder.kiwi](mailto:info@pathfinder.kiwi)

**Web** [pathfinder.kiwi](http://pathfinder.kiwi)

**Post** PO Box 2673, Auckland 1140



# PATHFINDER KIWISAVER PLAN

## Our mission

Welcome to the Pathfinder KiwiSaver Plan Annual Report. This provides details of our KiwiSaver Plan, in particular changes over the last year.

Our mission is for our ethical investing to grow individual wealth and collective wellbeing. This means striving for great financial returns at the same time as positively benefitting our planet and people.

Ethical investing is more, in fact much more, than simply avoiding companies that harm our society or environment. We go further - investing with a positive lens, advocating for change and even investing in some smaller projects seeking both impact and financial returns.

Our KiwiSaver Plan covers three funds - Conservative, Balanced and Growth. We separately offer ethical managed funds, including global shares, global water companies and Trans-Tasman shares.

We're also conscious with our choices as a business. We're the first fund manager in Aotearoa New Zealand to become a Certified B Corporation. The B Corp movement is huge internationally and shows our desire to promote a sustainable economy, healthier environments and stronger communities.

We're immensely proud to recently be awarded 'Best Ethical KiwiSaver Provider' and 'Best Ethical Retail Investment Fund Provider' by Mindful Money. We don't do our work for awards and recognition, but we see this as a wonderful validation of both our ethical investing mahi and social enterprise approach.

We believe investing can fund the lasting transformation to a better world. Thank you for joining with us.

# DETAILS OF SCHEME

Detail	Description
Scheme name	Pathfinder KiwiSaver Plan
Type of scheme	KiwiSaver
Manager name	Pathfinder Asset Management Limited
Supervisor name	Public Trust
Date and status of latest Product Disclosure Statement (PDS)	PDS dated 16 December 2021 is open for applications
Fund update for each fund	The latest fund update for each fund is dated 28 July 2022 for the quarter ended 30 June 2022
Scheme's latest financial statements and auditor's report	Most recent lodged with the Registrar are dated 29 July 2022 for the financial year ended 31 March 2022

## Information on contributions and scheme participants

The table below shows the numerical changes in the scheme participants during the accounting period.

	31 March 2021	31 March 2022
Total number of scheme participants	2,297	4,981
Contributing scheme participants	1,800	3,574
Non-contributing scheme participants	497	1,407
Number of persons becoming scheme participants <sup>1</sup>	1,676	2,752
Number of persons ceasing to be scheme participants <sup>1</sup>	32	104
Total amount of scheme participants accumulations <sup>2</sup>	\$73,642,589	\$162,826,344
Total amount of contributions received during the period <sup>3</sup>	\$10,355,691	\$96,547,598

<sup>1</sup> During this period the number of scheme participants includes 567 new members of KiwiSaver, and 2,185 members transferring into the scheme. 104 members transferred to another scheme, and 44 ceased to be a scheme participant (1 due to retirement, 1 due to permanent emigration, 42 due to other reasons).

<sup>2</sup> The total amount of scheme participants' accumulations relates to 2752 scheme participants at the end of this period.

<sup>3</sup> The total amount of contributions received during the period is made up of \$ 8,181,029 of 3,610 members' contributions, \$4,310,049 of 3,590 members' employer contributions, \$ 1,129,004 of 2,724 members' Crown contribution, and \$9,607,334 of 1,301 members' voluntary additional contributions.

# Changes relating to the scheme

Materials changes to:	Details
The governing document	<ul style="list-style-type: none"><li>No changes were made to the Master Trust Deed</li></ul>
The terms of the offer	<ul style="list-style-type: none"><li>The target investment mix, benchmark and risk indicator for the Funds changed in December 2021.</li><li>Pathfinder made the following changes to the Ethical Investment Policy in the past year:<ol style="list-style-type: none"><li>Changes to the Ethical Exclusion policy so that the rules are more specific and measurable.</li><li>Reworded our high-level principles so they are consistent with the UNPRI statements.</li><li>Clarified that the Ethical Investment Policy does not apply to the use of derivatives.</li></ol></li></ul>
Nature or scale of related party transactions	<p>At 31 March 2022 Pathfinder KiwiSaver Plan has invested:</p> <ol style="list-style-type: none"><li>\$7,247,206 (was \$3,137,116 as at 31 March 2021) to the Alvarium Private Credit Fund<sup>1</sup>; and</li><li>\$1,790,000 to LJ Fund No. 6 Loan (\$0 in 2021), which are related party transactions. Pathfinder has considered our investment and ethical parameter before the investment</li></ol> <p>There were no related party transactions that were not on arms' length terms.</p>
The SIPO	<ul style="list-style-type: none"><li>SIPO update on 16 December 2021 made the following changes:<ol style="list-style-type: none"><li>change the definitions of asset class to implement better control of credit and liquidity risk for the fixed income investment.</li><li>change the benchmark of the Funds from a composite of indexes to the Morningstar® Target Allocation Index™.</li><li>Updated target asset allocation to better represent investment strategy.</li></ol></li></ul>

**Note 1:** that Alvarium Private Credit Fund (PCF) is a wholesale fund managed by Alvarium Wealth (NZ) Limited which predominantly invests in senior loans organised or arranged by Alvarium affiliates. Alvarium Wealth (NZ) Limited and its affiliates are related to Pathfinder through common directors and common shareholding. The loans in which the Alvarium Private Credit Fund invests may themselves be related party transactions due to common shareholding and/or common directors. The Pathfinder KiwiSaver Plan invests in the PCF on the same terms as the PCF's other unrelated party investors. However, Alvarium Wealth (NZ) Limited rebates a portion of its management fees to the Pathfinder KiwiSaver Plan.

## Important Changes to Pathfinder Investment Policy 2021

We have made some material changes to the Statement of Investment Policy and Objectives (SIPO) in the past year and have sent relevant unitholders notices to explain what the details of the change are. You can find the notices on our website [here](#).

The following summarises and explains the change of benchmarks for the Funds:

Prior to 1 December 2021, the benchmarks used for the funds are:

For the Conservative Fund: 20% Bloomberg NZ Bank Bill Index, 60% Bloomberg Barclays Global Aggregate Total Return Unhedged (gross of interest and tax; 100% hedged to NZD) & 20% Morningstar Developed Markets Net Index (net of dividends and tax; 50% hedged to NZD).

For the Balanced Fund: 10% Bloomberg NZ Bank Bill Index, 30% Bloomberg Barclays Global Aggregate Total Return Index Unhedged (gross of interest and tax; 100% hedged to NZD) and 60% Morningstar Developed Markets Net Return Index (net of tax and dividends, and 50% hedged to NZD).

For the Growth Fund: 5% Bloomberg NZ Bank Bill Index, 15% Bloomberg Barclays Global Aggregate Total Return Index Unhedged (gross of interest and tax, 100% hedged to NZD) & 80% Morningstar Developed Markets Net Return Index (net of tax and dividends; 50% hedged to NZD).

From 1 December 2021, the benchmarks used for the funds are:

For the Conservative Fund: Morningstar® Target Allocation Index™: Conservative Multisector for New Zealand

For the Balanced Fund: Morningstar® Target Allocation Index™: Balanced Multisector for New Zealand

For the Growth Fund: Morningstar® Target Allocation Index™: Growth Multisector for New Zealand

Pathfinder's rationale for changing benchmarks was that:

- a. The new benchmark index is independently administered, easily verified, and widely used to compare funds in NZ.
- b. As the new index is a NZ based index, it more closely aligns to the asset classes that the funds actually invest in. By contrast, the old benchmark was a weighted composite of three indices which was formulated and manually calculated by the manager and did not reflect the asset classes of the funds as well as the new benchmark (e.g., the equity index used was the Morningstar Developed Market Index which did not reflect the Australian/NZ bias of NZ fund managers). The new index is a composite of 7 indices which are weighted and calculated by Morningstar rather than the manager.
- c. The components of the old index would have required licenses from Bloomberg and Morningstar. The new index only requires a Morningstar licence and is therefore more economic.
- d. The new indexes are introduced by Morningstar in 2020 and were not available when the KiwiSaver Funds started in July 2019. There was no change to the investment strategy or actual investments as a result of the benchmark change and both indices could have been used since inception but, for the reasons outlined above, the manager considers that the new benchmark is better.

## Other information for particular types of managed funds

Ground of KiwiSaver withdrawal	No of scheme participants
First home withdrawals	63
KiwiSaver end payment date withdrawal	27
Significant financial hardship withdrawals	0

Unit prices for each fund in the Pathfinder KiwiSaver Plan are set out below:

Date	Pathfinder KiwiSaver Growth Fund	Pathfinder KiwiSaver Balanced Fund	Pathfinder KiwiSaver Conservative Fund
31 March 2021	\$1.3240	\$1.1946	\$1.0961
31 March 2022	\$1.4110	\$1.2566	\$1.1149

All benefits required to be paid from the scheme (in accordance with the Master Trust Deed and KiwiSaver scheme rules) have been paid.

At 31 March 2022 the market value of Pathfinder KiwiSaver Plan property equaled or exceeded the total value of benefits that would have been payable had all members of the scheme ceased to be members at the date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries.

## Changes to persons involved in the scheme

Changes to:	Details
The manager	Pathfinder Asset Management Limited continues to be the manager of the Pathfinder KiwiSaver Scheme.
Directors of the manager	No changes to the directors of Pathfinder
Key personnel of the manager	Senior managers are changed as below: <ul style="list-style-type: none"> <li>• Amanda Morrall left Pathfinder as senior manager from 1 October 2021.</li> <li>• Ross Jensen was appointed as senior manager from 1 August 2022</li> </ul>
The supervisor or its Board Members	There have been no changes to the Supervisor of the Scheme or the Board Members of the Supervisor for the year end 31 March 2022
Any administration manager or investment manager	No change
The securities registrar, custodian or auditor	No change

## How to find further information

Below we describe where information in relation to the Pathfinder KiwiSaver Plan and the Funds are available and the type of information you can obtain:

### The offer register:

Details	Description
Information available for Scheme	PDS, OMI documents, Ethical Investment Policy, Valuation and Pricing Methodology.
Information available for the Funds	Quarterly Fund Updates, full portfolio holdings, historic data, and basic fund terms.
How to obtain this information	Go to <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> and "search offers" for the Funds. A copy of information on the offer register is available on request to the Registrar of Financial Service Providers.

### On scheme register

Details	Description
Information available for Scheme	Basic scheme description, important parties involved, Trust Deeds and SIPO
Information available for the Funds	Annual financial statements and Establishment Deeds
How to obtain this information	Go to <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> and "search schemes". A copy of information on the scheme register is available on request to the Registrar of Financial Service Providers.

## On request to Pathfinder:

Details	Description
Information available for Scheme	Master Trust Deed
Information available for the Funds	Quarterly Fund Updates, annual financial statements, annual reports and each funds' Establishment Deed
How to obtain this information	Please phone, email or write to the contact details provided below. There is no charge in relation to Pathfinder providing this information.

## Contact details and complaints

Details	Description
The Manager	<b>Pathfinder Asset Management Limited</b> Level 37, PwC Tower, 15 Customs Street West Auckland, 1010 Phone: 0800 ETHICAL (0800 384 4225) <a href="mailto:info@pathfinder.kiwi">info@pathfinder.kiwi</a> Attention: Senior Compliance Officer
The Supervisor	<b>Public Trust</b> Level 16, SAP Tower 151 Queen Street, Auckland 1010 Private Bag 5902 Wellington, 6140 Telephone: 0800 371 471 Email: <a href="mailto:CTS.Enquiry@publictrust.co.nz">CTS.Enquiry@publictrust.co.nz</a> Website: <a href="http://www.publictrust.co.nz">www.publictrust.co.nz</a>
Security Registrar	<b>MMCLimited</b> Level 25 QBE Centre 125 Queen Street Auckland 1010 Phone: (09) 309 8926
Approved dispute resolution scheme	<b>Financial Service Complaints Limited</b> Post: PO Box 5967, Wellington 6140 Phone: 0800 347 257 Email: <a href="mailto:info@fscl.org.nz">info@fscl.org.nz</a> ; <a href="mailto:complaints@fscl.org.nz">complaints@fscl.org.nz</a>

Any complaints about the funds can be made to Pathfinder Asset Management Limited (see the contact details above). If Pathfinder does not resolve your complaint, you may direct your complaint to either the Public Trust (the supervisor) or to Financial Service Complaints Limited (an approved dispute resolution scheme). Note that an approved dispute resolution scheme will not charge a fee to any complainant to investigate or resolve a complaint. Contact details for each are in the table above.