



Pie Funds Management Scheme
Financial Statements
For The Year Ended 31 March 2023

Including the following Funds:

Pie Australasian Growth Fund
Pie Australasian Growth 2 Fund
Pie Australasian Emerging Companies Fund
Pie Australasian Dividend Growth Fund
Pie Conservative Fund

Statements of Comprehensive Income

\$ thousands For the year ended 31 March 2023	Notes	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Income											
Interest income on financial assets at amortised cost		296	110	2,634	275	778	143	1,963	302	3,771	2,136
Dividend and distribution income		908	1,615	3,021	1,814	1,816	1,114	9,624	4,571	2,117	1,647
Foreign exchange (losses)/gains		(63)	(275)	1,428	(408)	6	(7)	(1,414)	(93)	2,145	(300)
Net (losses)/gains on financial instruments at fair value through profit or loss		(16,260)	(8,367)	(62,415)	(31,458)	(10,209)	6,876	(36,175)	44,121	(7,095)	(2,470)
Other income		-	-	13	-	12	15	14	-	63	77
Total income/(loss)		(15,119)	(6,917)	(55,319)	(29,777)	(7,597)	8,141	(25,988)	48,901	1,001	1,090
Expenses											
Management fees	7	1,414	2,131	5,483	8,364	2,180	2,603	5,792	5,288	1,392	1,500
Brokerage expense		97	266	1,188	1,019	251	289	549	628	145	131
Total expenses		1,511	2,397	6,671	9,383	2,431	2,892	6,341	5,916	1,537	1,631
Net profit/(loss) attributable to Unitholders		(16,630)	(9,314)	(61,990)	(39,160)	(10,028)	5,249	(32,329)	42,985	(536)	(541)
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) attributable to Unitholders		(16,630)	(9,314)	(61,990)	(39,160)	(10,028)	5,249	(32,329)	42,985	(536)	(541)

The notes form an integral part of, and should be read in conjunction with, these Financial Statements.

Statements of Changes in Unitholders' Funds

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March 2023										
Unitholders' funds at the beginning of the year	94,083	114,475	374,616	440,510	134,973	134,828	342,135	171,809	212,160	180,824
Total comprehensive income/(loss) attributable to Unitholders	(16,630)	(9,314)	(61,990)	(39,160)	(10,028)	5,249	(32,329)	42,986	(536)	(541)
Proceeds from units issued*	27	92	217	15,144	24	-	41,796	155,189	32,995	105,803
Redemption of units*	(10,751)	(10,861)	(47,361)	(40,880)	(10,244)	(4,714)	(37,476)	(21,522)	(48,114)	(70,313)
Distributions	-	-	-	-	-	-	(7,985)	(6,592)	(3,452)	(3,617)
Distributions reinvested	-	-	-	-	-	-	1,088	954	-	-
Unitholder attributed taxation	(161)	(309)	(1,252)	(998)	(408)	(390)	(1,285)	(689)	(378)	4
Unitholders' funds at the end of the year	66,568	94,083	264,230	374,616	114,317	134,973	305,944	342,135	192,675	212,160

Units (000)	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March 2023										
Units on issue at the beginning of the year	13,777	15,123	145,223	155,050	23,547	24,426	79,268	47,432	184,242	154,404
Units issued*	6	13	101	5,162	5	-	11,130	37,140	29,394	89,359
Units redeemed*	(1,908)	(1,359)	(22,451)	(14,989)	(2,058)	(879)	(10,123)	(5,304)	(43,041)	(59,521)
Units on issue at the end of the year	11,875	13,777	122,873	145,223	21,494	23,547	80,275	79,268	170,595	184,242

*Issuance and redemptions for the year ended 31 March 2022 have been restated to exclude intrafund transfers previously recognised on a gross basis. The tables below sets out the adjustments for each Fund. There is no impact to 'Net assets attributable to Unitholders at the end of the year' and the 'Units on issue at the end of the year'. Intrafund transfers are transfers of units within the same fund for registry purposes and do not represent units issued and redeemed by and from the fund.

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2022		2022		2022		2022		2022	
For the year ended 31 March 2023										
Proceeds from units issued*		(3,154)		(14,331)		(1,848)		(5,601)		(12,238)
Redemption of units*		3,154		14,331		1,848		5,601		12,238

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2022		2022		2022		2022		2022	
For the year ended 31 March 2023										
Units issued*		(407)		(5,015)		(325)		(1,342)		(10,307)
Units redeemed*		407		5,015		325		1,342		10,307

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

Statements of Financial Position

\$ thousands As at 31 March	Notes	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Unitholders' funds		66,568	94,083	264,230	374,616	114,317	134,973	305,944	342,135	192,675	212,160
<i>Represented by:</i>											
Assets											
Cash and cash equivalents		11,165	6,194	61,707	29,358	17,207	25,699	56,307	35,406	30,374	30,018
Term deposits		4,657	-	21,188	-	4,400	-	23,646	-	29,179	40,145
Trade and other receivables	8	930	4,121	2,985	5,824	1,978	4,107	5,018	8,712	1,554	3,106
Unitholder tax rebates receivable		-	2	9	9	-	1	1	1	1	112
Financial assets at fair value through profit or loss	6	51,867	84,965	182,230	344,672	91,286	107,693	222,914	302,169	139,971	141,313
Total assets		68,619	95,282	268,119	379,863	114,871	137,500	307,886	346,288	201,079	214,694
<i>Less:</i>											
Liabilities											
Trade and other payables	9	1,820	77	2,410	444	7	826	347	154	7,900	2,153
Trade and other payables to related parties	7	107	147	427	558	181	207	490	518	117	129
Financial liabilities as fair value through profit or loss	6	-	849	-	3,265	-	1,161	-	2,841	123	251
Unitholder tax liabilities payable		124	126	1,052	980	366	333	1,105	640	264	1
Total liabilities		2,051	1,199	3,889	5,247	554	2,527	1,942	4,153	8,404	2,534
Net assets attributable to Unitholders		66,568	94,083	264,230	374,616	114,317	134,973	305,944	342,135	192,675	212,160

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

These Financial Statements were authorised for issue by the Manager, Pie Funds Management Limited.

For and on behalf of the Manager

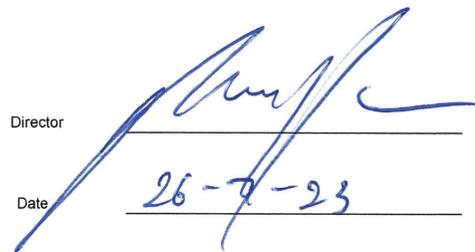
Director



Date

26-7-23

Director



Date

26-7-23

Statements of Cash Flows

\$ thousands For the year ended 31 March 2023	Notes	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cash flows from operating activities											
Sale of investments		47,893	77,916	406,266	331,483	84,408	107,863	182,434	139,952	125,966	43,572
Interest received		209	110	2,380	165	578	75	1,693	266	3,251	1,832
Dividends and distributions received		822	1,672	2,937	1,258	1,436	1,383	9,727	3,976	1,721	1,277
Other income		-	-	13	-	12	15	14	-	51	77
Purchase of investments		(26,752)	(82,641)	(304,595)	(322,458)	(77,308)	(88,177)	(138,339)	(250,406)	(122,955)	(77,739)
Net movement in term deposit principal		(4,600)	-	(20,900)	-	(4,300)	-	(23,400)	-	10,900	(8,000)
Payment of expenses		(1,551)	(2,449)	(6,802)	(9,560)	(2,457)	(2,914)	(6,369)	(5,685)	(1,549)	(1,618)
Net cash (used in)/from operating activities	10	16,021	(5,392)	79,299	888	2,369	18,245	25,760	(111,897)	17,385	(40,599)
Cash flows from financing activities											
Contributions*		104	16	267	15,148	24	-	37,073	150,986	31,665	103,955
Withdrawals*		(10,734)	(10,915)	(46,660)	(40,710)	(10,237)	(4,714)	(37,299)	(21,369)	(48,497)	(69,800)
Distribution to Unitholders		-	-	-	-	-	-	(2,041)	(1,567)	(2,017)	(1,874)
Net Unitholder attributed taxation		(161)	441	(1,180)	1,857	(374)	606	(820)	649	(4)	(74)
Net cash (used in)/from financing activities		(10,791)	(10,458)	(47,573)	(23,705)	(10,587)	(4,108)	(3,087)	128,699	(18,853)	32,207
Net (decrease)/increase in cash		5,230	(15,850)	31,726	(22,817)	(8,218)	14,137	22,673	16,802	(1,468)	(8,392)
Cash and cash equivalents at the beginning of the year		6,194	22,268	29,358	52,393	25,699	11,503	35,406	18,533	30,018	38,645
Effect of exchange rate fluctuations		(259)	(224)	623	(218)	(274)	59	(1,772)	71	1,824	(235)
Cash and cash equivalents at the end of the year		11,165	6,194	61,707	29,358	17,207	25,699	56,307	35,406	30,374	30,018

*For each of the portfolios, prior year comparative figures for cash flows from financing activities have been corrected for intrafund transfers previously recognised on a gross basis. The affected FSLIs (proceeds from units issued and redemptions of units) were both overstated as follows: (Pie Australasian Growth Fund: \$3,153,990; Pie Australasian Growth 2 Fund: \$14,330,605; Pie Australasian Emerging Companies Fund: \$1,848,302; Pie Australasian Dividend Growth Fund: \$5,601,387; and Pie Conservative Fund: \$12,238,269). There is no impact to the net cash inflows from financing activities.

The accounting policies and other notes form part of, and should be read in conjunction with, these Financial Statements.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

1. GENERAL INFORMATION

These Financial Statements have been prepared for the following reporting entities: Pie Australasian Growth Fund, Pie Australasian Growth 2 Fund, Pie Australasian Emerging Companies Fund, Pie Australasian Dividend Growth Fund and Pie Conservative Fund ("the Funds"). The Funds commenced operations on 3 December 2007, 6 August 2015, 2 April 2013, 16 September 2011 and 15 April 2015 respectively. The Funds are domiciled in New Zealand and the registered office is Level One, 1 Byron Avenue, Takapuna, Auckland.

The Manager of the Funds is Pie Funds Management Limited ("the Manager"). On 1 September 2015 the Financial Markets Authority ("FMA") issued a licence to the Manager to provide managed investment schemes manager services. The licence conditions were amended in March 2019 with the expiry date being removed and replaced by a specific condition that Pie Funds Management Limited must maintain the same or better standard of capability, governance and compliance as was the case when the FMA assessed its application.

The Supervisor of the Funds is Trustees Executors Limited ("the Supervisor") and is licenced under the Financial Market Supervisors Act 2011. Their current licence expires on 16 January 2028.

The principal activity of the Funds is described below:

- * The Pie Australasian Growth Fund invests predominantly in listed Australian and New Zealand smaller sized growth companies.
- * The Pie Australasian Growth 2 Fund invests predominantly in listed Australian and New Zealand smaller and medium sized companies.
- * The Pie Australasian Emerging Companies Fund invests predominantly in listed Australian and New Zealand emerging companies.
- * The Pie Australasian Dividend Growth Fund invests predominantly in listed Australian and New Zealand smaller and medium sized companies.
- * The Pie Conservative Fund invests predominantly in fixed interest securities and some cash, with an allocation to equities (directly or through other products issued by Pie Funds).

The Financial Statements cover the year ended 31 March 2023. Comparative information has been provided for the year ended 31 March 2022.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with the provisions of the Governing Document and the Financial Markets Conduct ("FMC") Act 2013 and in accordance with Generally Accepted Accounting Practice in New Zealand ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate to for-profit entities. The Financial Statements also comply with International Financial Reporting Standards ("IFRS").

The Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The methods used to measure fair values are discussed further below. The accrual basis of accounting has been applied, as has the going concern assumption.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

New standards and amendments

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

The XRB issued the following:

Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)
Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures (NZ CS 2)
Aotearoa New Zealand Climate-related Disclosures Concepts (NZ CRDC).

NZ CS 1 is the main disclosure standard and is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). NZ CS 2 is an adoption standard to enable entities to begin their climate-related disclosure journey. NZ CS 3 contains the principles, the underlying concepts such as materiality, and the general requirements.

The TCFD recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance; strategy; risk management; and metrics and targets.

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

Issued but not yet effective accounting standards

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

2.2 Functional and presentation currency

The Financial Statements are presented in New Zealand dollars (\$), which is the Funds' functional currency, on the basis that the Funds' investors are mainly based in New Zealand, with the contributions and withdrawals denominated in New Zealand dollars. All financial information presented has been rounded to the nearest one thousand dollars.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

2.3 Financial instruments

(a) Classification

Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost.

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

Financial assets at fair value through the profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9, 'Financial Instruments'. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. All investments are measured at fair value through profit or loss. As there are no financial instruments designated at fair value upon initial recognition in the Funds, all financial assets measured at fair value are those mandatorily measured at fair value. Financial assets at fair value through the profit or loss comprise of equities, funds/unit trusts, fixed interest securities, convertible notes, futures and forward exchange contracts.

(ii) Financial assets at amortised cost:

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

Term deposits are debt instruments where the business model is held for collection only; the contractual terms only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further the "hold to collect" model will be applied for these financial assets due to the following: collection of contractual cash flows is not incidental, there's no intention to sell these assets and they are used to effectively manage cash reserves. On this basis, the fair value option will not be applied and term deposits are classified as financial assets at amortised cost.

Unsettled investment sales included in trade and other receivables, are receivables for securities sold but not yet settled on the Statements of Financial Position at balance sheet date. The unsettled trade receivable balance is held for collection.

Receivables, other than unsettled investment sales, include margin accounts interest, contributions receivable, dividends receivable and due from brokers. Cash collateral provided by the Funds is identified as margin accounts and not included as a component of cash and cash equivalents.

Financial liabilities

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

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

(ii) Financial liabilities at amortised cost

Payables other than unsettled investment purchases are amounts representing liabilities and accrued expenses owing by the Funds at year end. These amounts include related party fees payable, distributions payable, withdrawals payables, margin accounts and due to brokers.

Unsettled investment purchases included in trade and other payables, are payables for securities purchased but not yet settled on the Statements of Financial Position at balance sheet date.

(b) Recognition, measurement and derecognition

Financial assets and liabilities at fair value through profit or loss

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

Financial assets and liabilities at amortised cost

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

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

2.4 Revenue recognition

- (a) Dividend and distribution income are recognised in the Statements of Comprehensive Income when the Funds' right to receive payment is established.
- (b) Interest income is recognised as interest accrues using the effective interest rate method. Interest income is earned on the short term deposits held at the bank.
- (c) Gains or losses on financial assets at fair value through profit or loss are recognised in the Statements of Comprehensive Income as disclosed in note 2.3 above.
- (d) Foreign exchange gains and losses on cash and financial instruments at fair value through profit or loss are recognised in the Statements of Comprehensive Income as disclosed in note 2.10 below.
- (e) Underwriting income is recognised in the Statements of Comprehensive Income when the Funds' right to received payment is established.
- (f) Dividend, distribution and interest income are disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to Unitholders under the PIE ("Portfolio Investment Entity") regime.

2.5 Fair value hierarchy

The carrying amounts of the Funds' assets and liabilities at the balance date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. The Funds recognise transfers between levels of the fair value hierarchy as at the end of the financial reporting period during which the change has occurred.

Level one- fair value in active market

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

Level two- fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant inputs are based on observable market data.

Level three- fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant inputs are not based on observable market data.

2.6 Expenses

Expenses comprise management fees that are calculated on a daily basis on the gross asset value ("GAV") of the fund and paid monthly and used to cover administration fees, custody and accounting fees, registry fees, supervisor fees, audit fees and other sundry expenses. Expenses furthermore comprise of brokerage and bank fees. Brokerage expenses can include commission paid on a share transaction (known as soft dollar commission) to be set aside and used by the manager to purchase research that will enhance the investment decision making process. While soft dollars can be allocated to pay for research, they cannot be redeemed or refunded to Pie Funds or the funds we manage. All other fees are paid by the manager and recognised on payment when they arise.

2.7 Taxation

The Funds are Portfolio Investment Entities (PIEs). Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Funds have no tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income.

Under the PIE regime, the Manager attributes the taxable income of the Funds to Unitholders in accordance with the proportion of their overall interest in the Funds. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" which is capped at 28%. The Manager accounts for tax on behalf of natural persons and certain corporate Unitholders and undertakes any necessary adjustments to the Unitholders' interest in the Funds to reflect that the Funds pay tax at varying rates on behalf of Unitholders.

Unitholders' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to Unitholders is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. The manager periodically evaluates positions taken in attributing taxable income to Unitholders with respect to situations in which applicable tax regulations are subject to interpretation.

2.8 Goods and services tax ("GST")

The Funds are not registered for GST. All items in the Statements of Comprehensive Income and Statements of Financial Position are stated inclusive of GST.

2.9 Statements of Cash Flows

Definitions of the terms used in the Statements of Cash Flows are:

- (a) Operating activities include all transactions and other events that are not financing activities.
- (b) Financing activities are those activities that result in changes in the size and composition of Unitholders' funds. This includes elements of Unitholders' funds not falling within the definition of cash. Distributions paid in relation to Unitholders' funds are included in financing activities.
- (c) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

2.10 Foreign currency

Transactions denominated in foreign currencies are recognised at the exchange rates at the date of the transactions. Assets and liabilities as at balance date denominated in foreign currencies are translated at the foreign currency exchange rates at that date. Realised and unrealised exchange gains and losses during the year are recognised in the Statements of Comprehensive Income. Foreign exchange gains and losses on cash at bank and outstanding settlements are included in Foreign exchange gains/(losses) in the Statements of Comprehensive Income.

2.11 Distributions

In accordance with the Funds' Governing Document, the Manager has full discretion as to whether to distribute any net income of the Funds. Income that is not distributed is invested as part of the assets of the Funds or may also be used to make later distributions to Unitholders. Distributions to Unitholders are recognised in the Financial Statements in the year in which the distributions are approved by the Manager.

2.12 Applications and redemptions

The application and redemption prices are determined as the net asset value of the Funds divided by the number of units on issue on the date of the application or redemption. The Manager may, in certain circumstances, suspend the redemption of units if the Manager believes it is not practical or would be materially prejudicial to the interests of the Unitholders for units to be redeemed.

2.13 Offsetting financial instruments

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

2.14 Unitholder's funds

The Funds issue units which are redeemable at the holder's option and are classified as equity. Net assets attributable to Unitholders meets the definition of an equity instrument as:

- (i) Unitholders are entitled to a pro rate share of the Funds' net assets in the event of the Funds' liquidation or maturity,
- (ii) apart from the contractual obligation of the issuer to redeem the instrument for cash or another financial asset, the instrument does not include contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the entity, and
- (iii) the total expected cash flows attributable to the instrument over its life is based substantially on the profit or loss and changes in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the entity over the life of the instrument.

2.15 Related Parties

A party is related to the Funds if:

- (a) directly or indirectly through one or more of its intermediaries, it controls, is controlled by, or is under common control with, the Funds;
- (b) it is a parent, subsidiary or fellow subsidiary of a party defined in (a) above;
- (c) it has an interest in or relationship with the funds that gives it significant influence over the Funds; or
- (d) it is controlled by or may be significantly influenced by another party which also has control or significant influence over the Funds; or
- (e) the Funds have an interest in or relationship with the party that gives significant influence over the party; or
- (f) they are a member of the Manager's key management personnel.

2.16 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Funds' accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss upon initial recognition. This policy has significant impact on the amounts disclosed in the Financial Statements.

The Manager has also used judgement 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.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable input that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. Refer to note 5.5 for further details.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

4. OFFSETTING

The Funds are subject to International Swaps and Derivatives Association (ISDA) arrangements with their derivative counterparty, BNZ ("Bank of New Zealand"). According to the terms of the ISDA arrangements with the respective counterparties all the derivatives are settled on a net basis.

The following table presents the recognised financial assets and liabilities that are subject to offsetting, or subject to enforceable master netting arrangements or other similar agreements but not offset, as at 31 March. The 'Net amount' row shows what the net position for each derivative type would be if all offset rights were exercised.

\$ thousands As at 31 March		Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Financial assets:</i>											
Amounts subject to offsetting:	Gross assets	94	159	366	597	181	219	430	559	161	896
	Gross liabilities offset	-	-	-	-	-	-	-	-	-	-
	Net amounts presented	94	159	366	597	181	219	430	559	161	896
Amounts not offsetting:	Financial instruments	(94)	(159)	(366)	(597)	(181)	(219)	(430)	(559)	(161)	(896)
	Cash collateral	-	-	-	-	-	-	-	-	-	-
	Net amount	-	-	-	-	-	-	-	-	-	645
<i>Financial liabilities:</i>											
Amounts subject to offsetting:	Gross liabilities	-	(849)	-	(3,265)	-	(1,161)	-	(2,841)	(123)	(251)
	Gross assets offset	-	-	-	-	-	-	-	-	-	-
	Net amounts presented	-	(849)	-	(3,265)	-	(1,161)	-	(2,841)	(123)	(251)
Amounts not offsetting:	Financial instruments	94	159	366	597	181	219	430	559	161	251
	Cash collateral	-	-	-	-	-	-	-	-	-	-
	Net amount	94	(690)	366	(2,668)	181	(942)	430	(2,282)	38	-

4.1.4 Offsetting and amounts subject to master netting arrangements and similar agreements

Per the terms of the ISDA agreement each party has the option to settle all open contracts on a net basis in the event of default by the other party. The ISDA agreement defines an event of default as including the following:

* failure by a party to make a payment when due

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

* bankruptcy

The related amounts not set-off in the Statements of Comprehensive Income represent amounts that have not been offset in the Statements of Comprehensive Income but could be expected to be offset in the event of default by either the Fund or its counterparty to the derivative contract. For financial instruments this is the maximum value of assets and liabilities that could be offset. For cash collateral (2023: nil, 2022: nil), this is the value of cash that could be withheld by the counterparty to settle derivatives.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

5. FINANCIAL RISK MANAGEMENT

The Funds are subject to a number of financial risks which arise as a result of its activities, including; market risk, liquidity risk and credit risk. The Funds' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Funds' financial performance.

5.1 Market risk

(a) Price risk

Price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market. All equity investments present a risk of loss of capital often due to factors beyond the Manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the Funds' market position and adherence to the Funds' investment policies. The investment policies state that the maximum holding in any company is 20% of the value of each Fund.

Where non-monetary financial instruments, for example, equity securities are denominated in currencies other than New Zealand dollars, the price initially expressed in foreign currency and then converted into New Zealand dollars will also fluctuate because of changes in foreign exchange rates. Paragraph (c) 'Currency risk' sets out how this component of price risk is managed and measured.

The maximum market risk resulting from financial instruments is determined by their fair value.

Sensitivity analysis

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices.

The following table shows the sensitivity of profit for the year and sensitivity of Unitholders' funds to reasonably possible changes in prices at 31 March with all other variables held constant:

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Equities/funds	51,773	84,806	181,864	342,372	88,872	105,153	222,484	301,610	46,232	85,112
Impact of a +10% change in equity prices	5,177	8,481	18,186	34,237	8,887	10,515	22,248	30,161	4,623	8,511
Impact of a -10% change in equity prices	(5,177)	(8,481)	(18,186)	(34,237)	(8,887)	(10,515)	(22,248)	(30,161)	(4,623)	(8,511)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments which subject the Funds to interest rate risk are short term cash deposits and fixed interest securities. The Funds hold cash and cash equivalents and term deposits that expose them to cash flow interest rate risk. The Funds hold fixed interest securities that expose them to fair value interest rate risk.

The Manager may hedge the exposure to interest fluctuations. The Funds may also indirectly be exposed to interest rate risk through their investments in other PIE Managed Funds, which forms part of the price risk sensitivity above.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

Cash flow sensitivity analysis

A change in interest rates impacts the cash flow of the Funds' cash and cash equivalents as well as term deposits by increasing or decreasing the amount of interest received. The one year cash flow sensitivity to the basis points movement in interest rates (based on assets held at reporting date), with all other variables held constant, is shown in the following table:

A variable of 100 basis points (1%) (2022: 10 basis points (0.1%)) was selected as this is a reasonable expected movement based on past overnight cash rate movements.

The following table shows the sensitivity of profit for the year and sensitivity of Unitholders' funds to reasonably possible changes in interest rates at 31 March with all other variables held constant.

\$ thousands		Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March											
Cash and cash equivalents	Carrying amount	11,165	6,194	61,707	29,358	17,207	25,699	56,307	35,406	30,374	30,018
	Impact of a +1% change in interest rates (2022: +0.1%)	112	6	617	29	172	26	563	35	304	30
	Impact of a -1% change in interest rates (2022: -0.1%)	(112)	(6)	(617)	(29)	(172)	(26)	(563)	(35)	(304)	(30)
Term deposits	Carrying amount	4,657	-	21,188	-	4,400	-	23,646	-	29,179	40,145
	Impact of a +1% change in interest rates (2022: +0.1%)	47	-	212	-	44	-	236	-	292	40
	Impact of a -1% change in interest rates (2022: -0.1%)	(47)	-	(212)	-	(44)	-	(236)	-	(292)	(40)

Unitholders' funds would be impacted by the same amount less the PIE tax adjustment that would be attributed to Unitholders.

Fair value interest rate risk

A variable of 100 basis points (1%) (2022: 10 basis points (0.1%)) was selected for fair value interest risk as this is a reasonably expected movement based on historic trends in interest rates.

The following table shows the sensitivity of profit for the year and sensitivity of Unitholders' funds to reasonably possible changes in interest rate at 31 March with all other variables held constant:

\$ thousands		Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March											
Fixed interest securities	Carrying amount	-	-	-	-	-	-	-	-	93,578	55,305
	Impact of a +1% change in interest rates (2022: +0.1%)	-	-	-	-	-	-	-	-	(4,377)	(297)
	Impact of a -1% change in interest rates (2022: -0.1%)	-	-	-	-	-	-	-	-	4,735	328
Convertible notes	Carrying amount	-	-	-	1,703	2,233	2,321	-	-	-	-
	Impact of a +1% change in interest rates (2022: +0.1%)	-	-	-	(1)	-	-	-	-	-	-
	Impact of a -1% change in interest rates (2022: -0.1%)	-	-	-	1	-	-	-	-	-	-

The Convertible note in Pie Australasian Emerging Companies Fund matures in December 2023 thus interest rate movement is immaterial.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

(c) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Funds are exposed to currency risk through holding Australian dollar and other foreign currency denominated financial instruments. The Funds may also be indirectly exposed to currency risk through their investments in other PIE Managed Funds. The Manager actively manages all currency exposure and may hedge the exposure to currency fluctuations. Although it is not the intention of management to hedge all currency fluctuation exposures, they reserve the right to do so at their discretion.

Sensitivity Analysis

At the reporting date the Fund had the following foreign currency exposures due to holdings of monetary assets and liabilities (expressed in NZD equivalents):

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Monetary assets/(liabilities)										
Australian Dollar (AUD)	(27,961)	(47,948)	(99,599)	(200,261)	(48,184)	(54,458)	(126,132)	(182,512)	(5,876)	(13,514)
United States Dollar (USD)	(576)	863	153	3,193	(510)	1,070	2,059	2,518	(12,255)	(12,226)
Euro (EUR)	-	-	-	-	-	-	-	-	1,095	(5,041)
British Pound (GBP)	-	-	-	-	-	-	-	-	(1,945)	(2,260)
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	(184)
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	-	1,273

The table below summarises the impact on the Statements of Comprehensive Income and Changes in Net Assets on monetary assets and liabilities at the reporting date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Monetary assets/(liabilities)										
<i>Exchange rates increased by 10%</i>										
Australian Dollar (AUD)	2,542	4,358	9,054	18,205	4,380	4,950	11,467	16,592	534	1,230
United States Dollar (USD)	52	(78)	(14)	(290)	46	(97)	(187)	(229)	1,114	1,111
Euro (EUR)	-	-	-	-	-	-	-	-	(100)	458
British Pound (GBP)	-	-	-	-	-	-	-	-	177	205
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	17
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	-	(116)
<i>Exchange rates decreased by 10%</i>										
Australian Dollar (AUD)	(3,107)	(5,328)	(11,067)	(22,251)	(5,354)	(6,051)	(14,015)	(20,279)	(653)	(1,502)
United States Dollar (USD)	(64)	96	17	355	(57)	119	229	280	(1,362)	(1,358)
Euro (EUR)	-	-	-	-	-	-	-	-	122	(560)
British Pound (GBP)	-	-	-	-	-	-	-	-	(216)	(251)
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	(20)
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	-	141

At the reporting date the Fund had the following foreign currency exposures due to holdings of non-monetary assets and liabilities (expressed in NZD equivalents):

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

(c) Currency Risk (continued)

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Non-monetary assets/(liabilities)										
Australian Dollar (AUD)	48,677	84,234	181,864	342,372	89,853	106,277	222,484	301,610	16,228	24,146
United States Dollar (USD)	-	159	-	597	-	219	-	559	18,694	29,389
Euro (EUR)	-	-	-	-	-	-	-	-	4,118	5,620
British Pound (GBP)	-	-	-	-	-	-	-	-	3,258	4,888
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	920
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	1,554	1,831

The table below summarises the impact on the Statements of Comprehensive Income and Changes in Net Assets on non-monetary assets and liabilities at the reporting date, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 10% with all other variables held constant. The analysis is based on the Manager's best estimate of a reasonable possible shift in exchange rates with regard to historical volatility.

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Non-monetary assets/(liabilities)										
<i>Exchange rates increased by 10%</i>										
Australian Dollar (AUD)	(4,425)	(7,658)	(16,533)	(31,125)	(8,168)	(9,661)	(20,226)	(27,419)	(1,475)	(2,195)
United States Dollar (USD)	-	(14)	-	(54)	-	(20)	-	(51)	(1,699)	(2,672)
Euro (EUR)	-	-	-	-	-	-	-	-	(374)	(511)
British Pound (GBP)	-	-	-	-	-	-	-	-	(296)	(444)
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	(84)
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	(141)	(166)
<i>Exchange rates decreased by 10%</i>										
Australian Dollar (AUD)	5,409	9,359	20,207	38,042	9,984	11,809	24,720	33,512	1,803	2,685
United States Dollar (USD)	-	18	-	66	-	24	-	62	2,077	3,265
Euro (EUR)	-	-	-	-	-	-	-	-	458	624
British Pound (GBP)	-	-	-	-	-	-	-	-	362	543
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	102
Hong Kong Dollars (HKD)	-	-	-	-	-	-	-	-	173	203

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

5.2 Liquidity risk

Liquidity risk is the risk that the Funds will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Liquidity risk is managed by holding liquid investments to meet liabilities as they fall due and unit redemptions and repurchases when requested. The majority of securities are listed on global exchanges and are readily saleable. In accordance with the Funds' policies, the Investment Manager monitors the Funds' liquidity position on a daily basis.

The Funds' investment policies do not state a minimum required level of liquid investments. The Funds' financial liabilities consist of trade and other payables and derivatives which are short term in nature and classified as a current liability at reporting date. Current liabilities of financial derivative instruments consist of the fair value of forward exchange contracts and future contracts. The current fair value represents the estimated cash flow that may be required to dispose of positions. Future cash flows of the Funds and realised liabilities may differ from current liabilities based on future changes in market conditions.

The following table shows the expected maturity of financial liabilities at the reporting date:

\$	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
As at 31 March											
Financial liabilities at fair value through profit or loss											
Less than one year	-	849	-	3,265	-	1,161	-	2,841	123	251	
Trade and other payables											
Less than one year	1,820	77	2,410	444	7	826	347	154	7,900	2,153	
Related party payables											
Less than one year	107	147	427	558	181	207	490	518	117	129	

5.3 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Funds. The Funds may require collateral or other security to support financial instruments with credit risk. Financial instruments that subject the Funds to credit risk consist primarily of cash and cash equivalents, margin accounts, term deposits and trade and other receivables including amounts receivable for unsettled investment trades, dividends receivable and contributions receivable.

The Funds' policy is to invest in term deposits with counterparties of credit rating of BBB/Baa or higher designated by a well-known rating agency. The Funds may also invest in unrated assets where a rating is assigned by the Manager using an approach that is consistent with the approach used by that rating agency.

(a) Credit quality

The following table sets out the equivalent Standard & Poor's credit rating for cash and cash equivalents and term deposits, where there is no Standard & Poor rating, Fitch rating is used.

\$		Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March											
Cash and cash equivalents											
Rating Category	AA-	11,165	6,111	56,069	21,045	16,703	21,079	54,230	23,776	29,654	13,810
Rating Category	A+	-	83	5,638	8,313	504	4,620	2,077	11,630	720	16,208
Term Deposits											
Rating Category	AA- AA AA+	3,010	-	15,113	-	2,032	-	17,056	-	29,179	16,105
Rating Category	A- A A+	1,647	-	6,075	-	2,368	-	6,589	-	-	12,075
Rating Category	BBB- BBB BBB+	-	-	-	-	-	-	-	-	-	11,965
Rating Category	NR	-	-	-	-	-	-	-	-	-	-
Fixed interest securities											
Rating Category	AA- AA AA+ AAA	-	-	-	-	-	-	-	-	33,956	19,060
Rating Category	A- A A+	-	-	-	-	-	-	-	-	7,244	2,872
Rating Category	BBB- BBB BBB+ BB+	-	-	-	-	-	-	-	-	23,075	17,526
Rating Category	NR	-	-	-	-	-	-	-	-	29,301	-
Convertible Notes											
Rating Category	NR	-	-	-	1,703	2,233	2,321	-	-	-	-

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

As at 31 March 2023 there were no financial assets past due or impaired (31 March 2022:nil).

All other receivables including amounts due from brokers are held by parties which Management considers having a strong capacity to meet their contractual obligations in the near term.

The Funds also restricts their exposure to credit losses on the trading derivatives it holds by entering into International Swap and Derivatives (Association) ISDA arrangements with their counterparties with whom it undertakes a derivative transactions. The arrangements do not result in an offset of assets and liabilities in the Statements of Net Assets as transactions usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by the arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The overall exposure to credit risk on derivative instruments subject to such arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. Investments in unlisted funds are into funds of this Scheme managed by the Manager.

The maximum credit risk of financial instruments is considered to be the carrying amount on the Statements of Net Assets. The risk of non-recovery of financial assets is considered to be minimal due to the quality of counterparties dealt with. In accordance with the Funds' policy, the investment manager monitors the Fund's credit positions on a daily basis. The Risk & Compliance Committee reviews on a two-monthly basis.

The Funds' Manager measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default.

At balance date, the credit risk has not increased significantly for any of the financial assets at amortised cost since initial recognition. As a result, the Manager measured the loss allowance at an amount equal to 12 month expected credit losses. Management, depending on the nature and type of financial assets at amortised cost, considers both the historical and forward looking information, the liquidity and duration of the instrument, the credit ratings of the counterparty in determining any expected credit losses.

As at 31 March 2023 and 31 March 2022:

All other receivable balances and amounts due from brokers are held by with counterparties are due to be settled within 1 month with counterparties which Management considers having a strong capacity to meet their contractual obligations in the near term. Cash, margin accounts and term deposits and any interest accruals on any of these instruments are highly liquid and held with counterparties with good credit ratings. The duration of the short term deposits are all less than 12 months and the Manager has no historical information or forward looking information which suggests that there is any losses to be recognised.

The Manager therefore considers the expected credit losses for all the financial assets held at amortised cost held by the Funds to be close to zero. As a result no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

5.4 Capital risk management

The Funds manage their Unitholders' funds as capital. All units in the Funds carry the same rights and preferences and restrictions.

\$	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Unitholders funds \$000	66,568	94,083	264,230	374,616	114,317	134,973	305,944	342,135	192,675	212,160
Units '000	11,875	13,777	122,873	145,222	21,494	23,547	80,275	79,268	170,595	184,242

The Funds have no restrictions or specific capital requirements on the application for or withdrawal of units. It is impractical to predict when Unitholders expect to withdraw and the Funds are exposed to daily cash withdrawals. They therefore primarily hold investments that are traded in an active market and can be easily disposed of. The Manager may, in certain circumstances, suspend withdrawals if the Manager believes it is not practical or would be prejudicial to the interests of the Unitholders for the withdrawal to be made.

The Manager has discretion as to whether to distribute any net income of each Fund. Income that is not distributed is invested as part of assets of the Funds or may also be used to make later distributions to investors. The Funds' distributions during the year were as follows:

\$	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Distributions	-	-	-	-	-	-	7,985	6,592	3,452	3,617

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

5.5 Fair value estimation

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

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

\$ thousands As at 31 March	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Level 1 assets										
New Zealand equities	3,096	572	-	-	503	441	-	-	-	4,964
Australian equities	48,677	84,234	181,864	342,372	88,369	104,118	222,484	301,610	16,228	24,146
International equities	-	-	-	-	-	-	-	-	25,713	28,102
Listed International managed funds	-	-	-	-	-	-	-	-	1,911	14,277
International futures	-	159	-	597	-	219	-	559	-	269
Total level 1 assets	51,773	84,965	181,864	342,969	88,872	104,778	222,484	302,169	43,852	71,758
Level 2 assets										
New Zealand PIE funds	-	-	-	-	-	-	-	-	-	12,108
Fixed interest securities	-	-	-	-	-	-	-	-	93,578	55,305
Preference shares	-	-	-	-	-	-	-	-	2,380	1,515
Forward foreign exchange contracts	94	-	366	-	181	-	430	-	161	627
Total level 2 assets	94	-	366	-	181	-	430	-	96,119	69,555
Level 3 assets										
Australian equities	-	-	-	-	-	594	-	-	-	-
Convertible notes	-	-	-	1,703	2,233	2,321	-	-	-	-
Total level 3 assets	-	-	-	1,703	2,233	2,915	-	-	-	-
Total financial assets at fair value through profit or loss	51,867	84,965	182,230	344,672	91,286	107,693	222,914	302,169	139,971	141,313
Level 2 liabilities										
Forward foreign exchange contracts	-	849	-	3,265	-	1,161	-	2,841	123	251
Total level 2 liabilities	-	849	-	3,265	-	1,161	-	2,841	123	251
Total financial liabilities at fair value through profit or loss	-	849	-	3,265	-	1,161	-	2,841	123	251

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

The fair value of equities and international futures is determined using quoted market prices in an active market. This measurement basis falls within level 1 of the fair value hierarchy. Where a listed equity has been suspended from the exchange trades on, the Manager has estimated its fair value using the market data that is available and the fund administrator's internal valuation models. This measurement basis falls within level 3 of the fair value hierarchy as significant inputs to the estimated fair value are not based on observable market data.

The fair value of New Zealand PIE funds are determined using the redemption price as supplied by the Manager on daily basis. The measurement falls within level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The fair value of fixed interest securities that are not actively traded on an exchange are determined using valuation techniques. Valuation techniques include benchmark models, net present value techniques, comparison to similar instruments for which market observable prices exist and valuation models. This measurement falls within level 2 of the fair value hierarchy as all significant inputs used to calculate the fair value are based on observable market data.

The fair value of forward foreign exchange contracts is calculated from spot exchange rates and forward exchange rates and forward points supplied by VM/Reuters. This measurement basis falls within level 2 of the fair value hierarchy as all inputs used to calculate the fair value are based on observable market data.

The Level 3 investment at 31 March 2023 and 31 March 2022 in The Australasian Growth Fund are investments in ISignthis Limited (ISX) and Palla Pharma Limited (PAL).

During the previous financial year, Palla Pharma Limited (PAL) entered into voluntary administration and with little known about the state of its likely recovery, a conservative approach was taken to fully impair the financial asset down to a \$nil value. The

During the financial year of 31 March 2020, the Pie Australasian Growth Fund investment in ISignthis Limited (ISX) suspended from quotation on the ASX. A conservative approach was taken to fully impair the financial asset down to a \$nil value as it is expected ISX will remain suspended. The Manager considers the impairment applied to be in line with the unit pricing and valuation policy especially with the information currently available that suggests an unlikely realisation of any value.

The Level 3 investment at 31 March 2022 in the Australasian Growth 2 Fund is an investment in Xpansiv Limited Convertible Note which is issued by a private company. There was no active market for the convertible notes and the fair value was determined by the Manager based on an estimate of fair value. This measurement basis fall within Level 3 of the fair value hierarchy as significant inputs are not based on observable market data. This position was exited on 12 October 2022.

The Level 3 investment at 31 March 2023 and 31 March 2022 in the Australasian Emerging Companies Fund includes investments in Orbx Investments Ltd Convertible Note and Packform Pty Ltd Convertible Note, which are issued by a private company. There was no active market for the convertible notes and the fair value was determined by the Manager based on an estimate of fair value. This measurement basis fall within Level 3 of the fair value hierarchy as significant inputs are not based on observable market data.

During the previous financial year, the Pie Australasian Emerging Companies Fund investment in ICSGlobal Ltd (ICS) was suspended from trading on the ASX, and therefore transferred to a Level 3 investment while trading was suspended. During the current financial year, the investment in ICSGlobal Ltd was sold (1,375,828 units) at AUD \$0.35 and the position was exited.

During the financial year of 31 March 2021, the Pie Australasian Emerging Companies Fund investment in Access Today Limited (AXL, name changed to Universal Equivalent Technology) was transferred to Level 3. Since the company is in voluntary administration with little known about the state of its likely recovery and final dividend, a conservative approach was taken to fully impair the financial asset down to a \$nil value. The Manager considers the impairment applied to be in line with the unit pricing and valuation policy, especially with the information currently available that suggests an unlikely realisation of any value.

The following table presents the valuation techniques and significant unobservable inputs used in the fair value measurement in level 3 investments. A reasonable shift of +/-10% has been selected as per Pie's Asset Pricing and Unit Valuation Policy.

Industry	Fair Value as at 31 March 2023 \$ thousands	Valuation technique	Unobservable input	Discount rate %	Reasonable shift +/- (absolute value)	Change in valuation \$ thousands	
Pie Australasian Emerging Companies Fund							
Convertible notes							
Technology	923	Discounted cash flow based	Coupon rate	10%	10%	92/(92)	
Industrials	1,310	Discounted cash flow based	Coupon rate	10%	10%	131/(131)	
Industry	Fair Value as at 31 March 2022 \$ thousands	Valuation technique	Unobservable input	Range (weighted average)	Reasonable shift +/- (absolute value)	Change in valuation \$ thousands	Shareholding
Pie Australasian Emerging Companies Fund							
Equities							
Healthcare Services	594	Closing price at time of suspension less return of capital to 31/03/2022	N/A	N/A	10%	59/(59)	13.07%

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

Industry	Fair Value as at 31 March 2022 \$ thousands	Valuation technique	Unobservable input	Discount rate %	Reasonable shift +/- (absolute value)	Change in valuation \$ thousands
Pie Australasian Emerging Companies Fund						
Convertible notes						
Technology	836	Discounted cash flow based	Coupon rate	8%	10%	83/(83)
Industrials	1,485	Discounted cash flow based	Coupon rate	10%	10%	148/(148)
Pie Australasian Growth 2 Fund						
Convertible notes						
Sustainability industry	1,703	Discounted cash flow based	Coupon rate	10%	10%	170/(170)

5.6 Level 3 movement analysis

The following table shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

\$ thousands As at 31 March	Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund	
	2023	2022	2023	2022
Equities investments				
Opening balance	-	-	594	-
Purchases	-	-	-	-
Transfer from level 1	-	1,341	-	3,248
Return of Capital	-	-	(532)	(2,301)
Accrued interest	-	-	-	(339)
(Loss)/gain recognised in the Statements of Comprehensive Income	-	(1,341)	(62)	(14)
Transfer to level 1	-	-	-	-
Closing balance	-	-	-	594

\$ thousands As at 31 March	Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund	
	2023	2022	2023	2022
Convertible notes				
Opening balance	1,703	-	2,321	781
Purchases	-	1,546	-	1,440
Transfer from level 1	-	-	-	-
Return of Capital	-	-	-	-
Accrued interest	74	84	94	-
(Loss)/gain recognised in the Statements of Comprehensive Income	57	73	(182)	100
Transfer to level 1	-	-	-	-
Sales	(1,834)	-	-	-
Closing balance	-	1,703	2,233	2,321

These gains and losses are recognised in profit or loss as net gains/(losses) on financial instruments at fair value through profit or loss.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

6. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>Financial assets at fair value through profit or loss</i>										
New Zealand equities	3,096	572	-	-	503	441	-	-	-	4,964
Australian equities	48,677	84,234	181,864	342,372	88,369	104,712	222,484	301,610	16,228	24,146
International equities	-	-	-	-	-	-	-	-	25,713	28,102
International managed funds	-	-	-	-	-	-	-	-	1,911	14,277
New Zealand PIE funds	-	-	-	-	-	-	-	-	-	12,108
Fixed interest securities	-	-	-	-	-	-	-	-	93,578	55,305
Convertible notes	-	-	-	1,703	2,233	2,321	-	-	-	-
Preference shares	-	-	-	-	-	-	-	-	2,380	1,515
International futures	-	159	-	597	-	219	-	559	-	269
Forward foreign exchange contracts	94	-	366	-	181	-	430	-	161	627
Total financial assets at fair value through profit or loss	51,867	84,965	182,230	344,672	91,286	107,693	222,914	302,169	139,971	141,313
<i>Financial liabilities at fair value through profit or loss</i>										
Forward foreign exchange contracts	-	849	-	3,265	-	1,161	-	2,841	123	251
Total financial liabilities at fair value through profit or loss	-	849	-	3,265	-	1,161	-	2,841	123	251

7. RELATED PARTIES

7.1 Manager and Supervisor

Pie Funds Management Limited, as the Manager, is responsible for managing the assets of the Funds and fund administration. The manager is entitled to a management fee of 1.85% (plus GST, if any) of the gross asset value ("GAV") per annum for the Pie Australasian Growth Fund, the Pie Australasian Growth 2 Fund, the Pie Australasian Emerging Companies Fund and the Pie Australasian Dividend Growth Fund and 0.7% (plus GST, if any) for the Pie Conservative Fund, subject to a minimum of \$150,000 per Fund. The management fee is calculated daily and paid monthly and used to cover expenses of management fees, administration fees, supervisor fees, audit fees and other expenses payable by the Funds.

Trustees Executors Limited is the Supervisor of the Fund. All fees charged by Trustees Executors Limited are paid directly by the Manager out of the management fee.

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fees paid and payable to related parties for the year ended 31 March are as follows:										
Pie Funds Management Limited:										
Management fee expense	1,414	2,131	5,483	8,364	2,180	2,603	5,792	5,288	1,392	1,500
Management fee payable	107	147	427	558	181	207	490	518	117	129
Certain costs paid by the Manager on behalf of the Funds:										
Trustees Executors Limited										
Supervisor	2	24	8	93	3	29	8	60	5	44
PricewaterhouseCoopers										
Audit fee expense	14	11	14	11	14	11	14	11	14	11

No other fees are paid to the auditor by the Manager on behalf of the Funds or directly by the Funds.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

7.1 Manager and Supervisor (continued)

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Unit holdings and movements in the Funds for the Manager, Directors of the Manager, key management personnel and their close relatives:										
Units ('000)	120	117	841	734	208	210	212	189	5,077	4,964
(\$000)	673	802	1,808	1,893	1,109	1,203	809	816	5,734	5,716
% Net Assets	1.01%	0.85%	0.68%	0.51%	0.97%	0.89%	0.26%	0.24%	2.98%	2.69%
Purchases ('000)	4	-	83	-	3	-	83	15	175	2,274
\$000	22	-	178	-	17	-	341	73	196	2,697
Sales('000)	2	-	55	21	5	-	60	-	194	102
\$000	6	-	108	56	17	-	220	-	194	120

All transactions in the Funds are made at the prevailing unit prices at the time of the transaction and income earned on investments in the Funds is based on each investor's pro rata share of units in the respective Fund.

7.2 Investments in the Funds by related parties

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Pie Chairman's Fund										
Carrying amount	11,021	14,383	17,538	29,347	19,008	22,505	38,479	52,005	-	-
% net assets	16.56%	15.29%	6.64%	7.83%	16.63%	16.67%	12.58%	15.20%	-	-

7.3 Income earned/(losses) incurred by related parties from their investments in the Funds

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March 2023										
Pie Chairman's Fund	(2,562)	(1,560)	(4,940)	(2,975)	(1,697)	833	(5,058)	5,649	-	-

8. TRADE AND OTHER RECEIVABLES

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Interest receivable	16	1	39	14	189	89	30	18	164	88
Dividends receivable	86	-	822	796	257	65	607	797	77	99
Futures margin accounts	529	2,444	1,947	4,478	1,041	3,111	2,182	7,678	1,213	2,814
Contributions receivable	-	77	-	50	-	-	16	133	100	105
Due from brokers	299	1,599	177	486	491	842	2,183	86	-	-
Total trade and other receivables	930	4,121	2,985	5,824	1,978	4,107	5,018	8,712	1,554	3,106

All trade and other receivable balances are current assets and are classified as financial assets at amortised cost under NZ IFRS 9. The carrying value approximates the fair value due to their short term nature.

Notes to and Forming Part of the Financial Statements for the year ended 31 March 2023

9. TRADE AND OTHER PAYABLES

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As at 31 March										
Withdrawals payable	94	77	1,145	444	7	-	331	154	370	753
Due to brokers	1,726	-	1,265	-	-	826	-	-	7,430	1,400
Total trade and other payables	1,820	77	2,410	444	7	826	347	154	7,900	2,153

All trade and other payables are current liabilities and are classified as financial liabilities at amortised cost under NZ IFRS 9. The carrying value approximates the fair value due to their short term nature.

10. RECONCILIATION OF NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS TO NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES

\$ thousands	Pie Australasian Growth Fund		Pie Australasian Growth 2 Fund		Pie Australasian Emerging Companies Fund		Pie Australasian Dividend Growth Fund		Pie Conservative Fund	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31 March 2023										
Net profit/(loss) after tax attributable to Unitholders	(16,630)	(9,314)	(61,990)	(39,160)	(10,028)	5,249	(32,329)	42,985	(536)	(541)
Non cash items										
Dividends reinvested	-	-	(58)	(199)	(188)	(66)	(87)	(162)	(418)	(332)
Unrealised changes in the fair value of financial assets	4,502	20,499	(28,174)	55,791	(280)	14,137	31,587	(12,459)	808	4,365
Foreign exchange losses/(gains) on cash at bank	63	275	(1,428)	408	(6)	7	1,414	93	(2,145)	300
Movements in working capital items	4,565	20,774	(29,660)	56,000	(474)	14,078	32,914	(12,528)	(1,755)	4,333
Decrease/(increase) in trade other receivables	1,127	(954)	29	(846)	59	(575)	(2,177)	251	(510)	(342)
Increase/(decrease) in trade and other payables	1,726	(109)	1,265	(5,497)	(826)	453	-	(933)	6,030	1,400
Increase/(decrease) in trade and other payables to related parties	(40)	(52)	(131)	(177)	(26)	(22)	(28)	231	(12)	13
Decrease/(increase) in cost of investments	25,273	(15,737)	169,786	(9,432)	13,664	(938)	27,380	(141,903)	14,168	(45,462)
	28,086	(16,852)	170,949	(15,952)	12,871	(1,082)	25,175	(142,354)	19,676	(44,391)
Net cash flows (used in)/from operating activities	16,021	(5,392)	79,299	888	2,369	18,245	25,760	(111,897)	17,385	(40,599)

11. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no material commitments or contingent liabilities as at 31 March 2023 (31 March 2022: nil).

12. EVENTS AFTER BALANCE DATE

Changes in unit price

Unit prices are based on the underlying prices of the financial assets and financial liabilities held by the respective Funds, and accordingly the unit price changes regularly due to market volatility, including during the period between balance date and the date these financial statements were authorised for issue. Unit prices are available at <https://www.piefunds.co.nz/Performance-and-Unit-Prices>.

There have been no significant events that have occurred since balance date which would impact on the financial position of the Funds disclosed in the Statements of Financial Position as at 31 March 2023 or on the results and cash flows of the Funds for the year ended on that date.



Independent auditor's report

To the unitholders of:

- Pie Australasian Growth Fund
- Pie Australasian Growth 2 Fund
- Pie Australasian Emerging Companies Fund
- Pie Australasian Dividend Growth Fund
- Pie Conservative Fund

(Collectively referred to as the Funds which form part of the Pie Funds Management Scheme)

Our opinion

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

What we have audited

The Funds' financial statements comprise:

- the statements of financial position as at 31 March 2023;
- the statements of comprehensive income for the year then ended;
- the statements of changes in unitholders' funds for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Funds in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We are the auditor of the Pie Funds Management Limited, the Manager. We have provided the following services to the Manager: agreed upon procedures on the net tangible assets calculation, tax compliance, tax agent and tax pooling services and the audit of financial statements of other funds and a scheme managed by the Manager. Subject to certain restrictions, employees of our firm may invest in the Funds on normal terms within the ordinary course of trading activities of the Funds. These services and relationships have not impaired our independence as auditor of the Funds. We have no other relationships with, or interests in, the Funds.



Key audit matters

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

Description of the key audit matter

Valuation and Existence of financial assets and financial liabilities at fair value through profit or loss

Refer to note 6 to the financial statements for the reported values of financial assets and financial liabilities (“financial instruments”) at fair value through profit or loss.

This was an area of focus for our audit as it represents the majority of the net assets of the Funds.

Valuation

The fair value of the financial assets traded in active markets are based on quoted market prices at 31 March 2023 and are categorised as level 1 in the fair value hierarchy.

The fair value of the financial instruments that are not traded in an active market are determined using valuation techniques. The valuation technique depends on the underlying asset or liability and includes assumptions that are based on market conditions existing at 31 March 2023. Financial instruments with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy. Where a significant input is not observable the financial instrument is categorised at level 3 in the fair value hierarchy.

The Funds’ level 2 financial instruments include (where applicable) forward foreign exchange contracts, fixed interest securities and preference shares.

For forward foreign exchange contracts, fixed interest securities and preference shares the Manager obtains the prices from independent pricing providers.

The Pie Australasian Emerging Companies Fund has \$2,233,000 of convertible notes where there are significant unobservable inputs.

The fair value of these level 3 investments are based on valuation methods and techniques recognised as standard within the industry using assumptions relevant to the underlying securities.

For financial instruments quoted in foreign currencies, these are translated to New Zealand dollars using the applicable exchange rate at the reporting date.

Existence

Holdings of financial instruments are held by the Custodian and financial institutions on behalf of the Funds. The Custodian uses a sub-custodian for certain financial instruments.

How our audit addressed the key audit matter

We assessed the processes employed by the Manager, for recording and valuing the financial instruments at fair value through profit or loss including the relevant controls operated by a third party service organisation, the Administrator. Our assessment of the business processes included obtaining the internal control reports over investment accounting and unit pricing provided by the Administrator.



We evaluated the evidence provided by the internal controls reports over the design and operating effectiveness of the key controls operated by the Administrator for the period 1 April 2022 to 31 March 2023.

For financial instruments where quoted market prices in an active market were available, we compared the market price at the reporting date and the exchange rates at which they have been converted from their underlying local currency to New Zealand dollars to independent third party pricing sources.

For forward foreign exchange contracts, we agreed the observable inputs to third party pricing sources and used our own valuation experts to test the fair value using independent valuation models.

We used our own valuation experts to test the fair value of fixed interest securities and preference shares using independent valuation models and reconciled inputs used to independent sources and available market data at 31 March 2023.

For level 3 investments we assessed the valuation performed by the Manager.

We obtained confirmations from the Custodian, sub-custodian and financial institutions of the holdings of all the financial instruments held by the Funds as at 31 March 2023.

Our audit approach

Overview

Materiality We determined materiality for each Fund separately. Our materiality for each Fund is calculated based on approximately 1% of net assets for each Fund.

We chose net assets as the benchmark because, in our view, the objective of the Funds is to provide unitholders with a total return on the Funds' net assets, taking into account both capital and income returns.

Key audit matters As reported above, we have one key audit matter, being valuation and existence of financial assets and financial liabilities at fair value through profit or loss

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of each Fund as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of each Fund as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of each Fund as a whole, taking into account the structure of each Fund, the Funds' investments and the accounting and registry processes and controls.

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

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

Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon which the annual report will refer to. The annual report 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 will not express any form of audit opinion or assurance conclusion thereon.

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and use our professional judgement to determine the appropriate action to take.



Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing each Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate a Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to each Fund's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than each Fund's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

Chartered Accountants
28 July 2023

Auckland