

Heartland Cash and Term PIE Fund

ANNUAL REPORT

For the year ended 30 June 2025

Heartland Cash and Term PIE Fund
Financial Statements
For the year ended 30 June 2025

CONTENTS	Page
Management Statement	3
Statement of Comprehensive Income	4
Statement of Changes in Funds Attributable to Unit Holders	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Independent Auditor's Report	13 - 14
Directory Information	15

Heartland Cash and Term PIE Fund

Management Statement

For the year ended 30 June 2025

Statutory Base

The Heartland Cash and Term PIE Fund (the **Fund**) was established under a Master Trust Deed dated 1 December 2008 (as amended and restated on 26 November 2012 and 1 December 2014). Each of these Deeds are between The New Zealand Guardian Trust Company Limited (the **Supervisor**) and Heartland PIE Fund Limited (the **Manager**).

Statement by the Manager

After due enquiry by us in relation to the period between 1 July 2024 and 30 June 2025, being the date of the accompanying financial statements there have not, in our opinion, been any material or adverse changes to the value of the Fund's assets relative to its liabilities (including contingent liabilities) or the ability of the Fund to pay its debts as they become due in the normal course of business.

For and on behalf of the Manager
Heartland PIE Fund Limited



Director



Director

Date: 22 October 2025

Heartland Cash and Term PIE Fund
Statement of Comprehensive Income
For the year ended 30 June 2025

\$000's	Note	June 2025	June 2024
Investment revenue			
Interest income on Heartland Bank Limited deposits	6	18,142	13,622
Total investment revenue		18,142	13,622
Finance costs			
Interest expense - distribution to unit holders		(18,142)	(13,622)
Total finance costs		(18,142)	(13,622)
Total profit		-	-
Total comprehensive income		-	-

Statement of Changes in Funds Attributable to Unit Holders
For the year ended 30 June 2025

\$000's	Note	June 2025	June 2024
Net assets attributable to Unit Holders at beginning of the year	9	389,388	244,258
Transactions with Unit Holders			
Interest earned by Unit Holders		24,826	18,514
Contributions		340,774	288,042
Redemptions		(271,815)	(156,534)
PIE tax deductions on behalf of Unit Holders		(6,684)	(4,892)
Movements in net assets attributable to Unit Holders for the year		87,101	145,130
Net assets attributable to Unit Holders at end of the year	9	476,489	389,388

The Fund units are classified as a liability under New Zealand Equivalent to International Accounting Standards 32 Financial Instruments: Presentation (NZ IAS 32). As such the Fund has no equity, and the information provided above is solely for information purposes.

The accounting policies and notes on pages 7 to 12 form part of, and should be read in conjunction with, these financial statements.

Heartland Cash and Term PIE Fund

Statement of Financial Position

As at 30 June 2025

\$000's	Note	June 2025	June 2024
Assets			
Cash and cash equivalents ¹		21,322	32,628
Term deposits with Heartland Bank Limited	8	455,167	356,760
Other receivables		191	127
Total assets		476,680	389,515
Liabilities			
PIE tax payable		191	127
Total liabilities (excluding Net assets attributable to Unit Holders)		191	127
Net assets attributable to Unit Holders	9	476,489	389,388


¹Cash and cash equivalents represent the Fund investments in the form of Heartland Bank Limited Call Deposits.

The accounting policies and notes on pages 7 to 12 form part of, and should be read in conjunction with, these financial statements.

For and on behalf of the Directors of Heartland PIE Fund Limited as Manager who authorised these financial statements for issue on 22 October 2025.



Director



Director

Heartland Cash and Term PIE Fund

Statement of Cash Flows

For the year ended 30 June 2025

\$000's	June 2025	June 2024
Cash flows from operating activities		
Interest received on Heartland Bank Limited deposits	18,188	12,117
Proceeds from sales of term deposits	253,627	144,417
Purchase of term deposits	(352,080)	(267,981)
Net cash flows applied to operating activities	(80,265)	(111,447)
Cash flows from financing activities		
Unit Holders' contributions received	340,774	288,042
Total cash provided from financing activities	340,774	288,042
Cash was applied to:		
Payment of Unit Holders' redemptions	271,815	156,534
Total cash applied to financing activities	271,815	156,534
Net cash flows provided from financing activities	68,959	131,508
Net (decrease)/increase in cash held	(11,306)	20,061
Opening cash and cash equivalents	32,628	12,567
Closing cash and cash equivalents	21,322	32,628

Reconciliation of net profit after taxation and before Unit Holder activities to net cash flows from operating activities

\$000's	June 2025	June 2024
Net profit after taxation	-	-
Non-cash items:		
Plus/(less): accrued interest	31	(2,056)
Add: resident withholding tax	15	551
	46	(1,505)
Net increase in term deposits	(80,311)	(109,942)
Net cash flows applied to operating activities	(80,265)	(111,447)

The accounting policies and notes on pages 7 to 12 form part of, and should be read in conjunction with, these financial statements.

Heartland Cash and Term PIE Fund

Notes to the Financial Statements

For the year ended 30 June 2025

Basis of reporting

1 Reporting entity

The Fund is constituted by a Master Trust Deed (the **Trust Deed**) dated 1 December 2008 (as amended and restated on 26 November 2012 and 1 December 2014) between The New Zealand Guardian Trust Company Limited (the **Supervisor**) and Heartland PIE Fund Limited (the **Manager**). The Manager is a controlled entity of Heartland Bank Limited (**Heartland Bank**) and has appointed Heartland Bank as Registrar in accordance with the Registry Management Agreement dated 26 November 2012. The Registrar provides all services to, or for, the Manager. Refer to Directory Information for contact details.

The Fund holds investments with the Registrar in the form of Heartland Bank Call and Term Deposits (**deposits**) and receives interest income from these, which is attributable to unit holders. Transactions outside of these normal operations are disclosed in Note 10 - Related party transactions.

The Fund is domiciled in New Zealand and its registered office is Heartland House, 35 Teed Street, Newmarket, Auckland 1023, New Zealand.

The financial statements for the Fund comprise the following types of account:

Heartland Cash PIE Account (**Cash PIE Account**)

Heartland Term PIE Account (**Term PIE Account**)

2 Basis of preparation

These financial statements have been prepared by the Registrar in accordance with the Trust Deed and Generally Accepted Accounting Practice in New Zealand (**NZ GAAP**). They comply with New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**), and other applicable financial reporting standards as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards Accounting Standards (**IFRS Accounting Standards**) as issued by the International Accounting Standards Board. The Fund is a profit-oriented entity.

These financial statements are presented in New Zealand dollars which is the Fund's functional currency. Unless otherwise indicated amounts are rounded to the nearest thousand.

The financial statements have been prepared on the basis of historical cost, unless otherwise stated.

Heartland Cash and Term PIE Fund

Notes to the Financial Statements

For the year ended 30 June 2025

Basis of reporting (continued)

3 Changes in accounting policies

Accounting standards issued not yet effective

NZ IFRS 18 Presentation and Disclosure in Financial Statements (**NZ IFRS 18**) was issued in May 2024 to replace NZ IAS 1 Presentation of Financial Statements (**NZ IAS 1**) when applied.

NZ IFRS 18 will not have an impact on the recognition and measurement of items in the financial statements. However, it is expected to have a significant effect on their presentation and disclosure. These changes include categorisation and sub-totals in the statement of comprehensive income, aggregation/disaggregation and labelling of information, and disclosure of management defined performance measures.

NZ IFRS 18 will also result in consequential amendments to certain presentation and disclosure requirements in the financial statements and various IFRS Accounting Standards.

NZ IFRS 18 will be effective for the Fund's reporting period beginning on 1 July 2027. The Fund is currently assessing the impact and will disclose more detailed assessments in the future.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting periods and have not been early adopted by the Fund. These standards, amendments or interpretations are not expected to have a material impact on the current or future reporting periods.

4 Estimates and judgements

The preparation of financial statements does not require any significant management judgement, estimates and assumptions that affect reported amounts.

Performance

5 Segmental information

The Fund operates in one industry segment, being the financial services sector, and in one geographic segment, being New Zealand.

6 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and that revenue can be reliably measured. The principal source of revenue is interest income from Heartland Bank. For financial instruments measured at amortised cost, the effective interest rate method is used to measure the interest income recognised in profit or loss.

Heartland Cash and Term PIE Fund
Notes to the Financial Statements
For the year ended 30 June 2025

Performance (continued)

7 Income tax

The Fund qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime, income is effectively taxed in the hands of the Unit Holder and therefore the Fund has no tax expense or deferred tax assets or liabilities. Accordingly, no income tax expense is recognised in profit or loss.

As a PIE, each Fund allocates all of its taxable income (or losses) between its unit holders based on the number of units held by each unit holder. Consequently the Fund has no liability for income tax in its own right. The Registrar has calculated tax payable on income allocated to each unit holder at their nominated Prescribed Investor Rate (PIR) by deducting the amount of tax from their number of units held in the Fund.

Financial position

8 Investments

The valuation of investments in Heartland Bank's Term Deposits takes into account the accrual of interest.

Repricing and maturity profile of investments

The interest rate risk profile of investments that follows has been prepared on the basis of maturity which is the repricing date.

\$000's	June 2025	June 2024
0-6 months	280,699	214,131
6-12 months	106,653	108,650
1-2 years	33,010	12,470
2-5 years	34,805	21,509
Total	455,167	356,760

The effective weighted interest rate of these investments as at 30 June 2025 is 4.73% p.a (June 2024: 6.18%).

9 Unit Holders' Funds

Unit Holders' funds are classified as liabilities as they do not have identical features and therefore do not meet the definition of a puttable financial instrument under NZ IAS 32.

\$000's	June 2025	June 2024
Units on issue		
Units on issue at beginning of the year	389,388	244,258
Units issued during the year	358,916	301,664
Units redeemed during the year	(271,815)	(156,534)
Total movements for the year	87,101	145,130
Units on issue at end of year	476,489	389,388

As discussed in Note 13 - Liquidity risk and Note 14 - Interest rate risk, the Fund matches the term of its investments in Heartland Bank deposits with the term of the units on issue.

Heartland Cash and Term PIE Fund
Notes to the Financial Statements
For the year ended 30 June 2025

Financial position (continued)

10 Related party transactions

The Fund is managed by Heartland PIE Fund Limited.

The following disclosure of related party transactions and balances is made:

- a) The Fund deals with Heartland Bank in the normal course of business, in its capacity as Registrar of the Fund and also invests in Heartland Bank deposits, and interest is received on these deposits. Transactions outside of these operations with Heartland Bank are disclosed in Note 10 b) and c).
- b) Fees and expenses, including audit fees are paid on behalf of the Fund by Heartland Bank, in its capacity as the Registrar of the Fund. Heartland Bank has paid the Fund's auditor PwC, on behalf of the Fund without reimbursement, \$10,570 (2024: \$10,260) for the audit of the financial statements, \$11,680 (2024: \$11,340) for the registry reasonable assurance; and \$3,340 (2024: \$3,240) for the trust deed reporting to the Supervisor.
- c) Key management personnel include Directors, Executives and their immediate relatives. Key management personnel of the Manager and Heartland Bank have transacted with the Fund during the year as follows:

\$000's	June 2025	June 2024
Related party Unit Holders' investing		
Closing balance	-	1
Interest	-	-
Contributions	-	-
Redemptions	-	-

- d) No amounts owed to the Fund by related parties have been written off or forgiven during the year.

11 Fair Value

The Fund's financial instruments are stated at amortised cost in the statement of financial position which approximates their fair value due to the predominantly short-term nature of the instruments.

Heartland Cash and Term PIE Fund

Notes to the Financial Statements

For the year ended 30 June 2025

Risk management

12 Credit risk

Credit risk is the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to make. The Fund invests only in deposits with Heartland Bank and the Fund's maximum credit risk is considered to be the carrying value of this investment. Heartland Bank has an external credit rating of BBB (Outlook Stable) by Fitch Ratings.

13 Liquidity risk

The Fund manages liquidity risk by matching the term of its investments in Heartland Bank deposits with the term of the units issued. In the event the Unit Holders redeem their investments in the Fund, the Fund also has the ability to withdraw its underlying investments in Heartland Bank. The Fund is reliant on Heartland Bank repaying the Fund at the required time.

Cash PIE Account

The units within the Cash PIE Account have no contractual maturities and are redeemable on demand by unit holders. The Cash PIE Account's underlying investments in Heartland Bank are also callable on demand.

Term PIE Account

The Term PIE Account is able to manage its liquidity requirements as the underlying deposits in Heartland Bank are matched with the same contractual terms and maturity periods as the Term PIE Account's units. In the event the unit holders redeem their units in the Term PIE Account, the Term PIE Account also has the ability to withdraw its underlying investments with Heartland Bank.

The following table presents the maturity analysis on the Fund's financial liabilities based on the contractual maturity date. The amounts disclosed in the table represent contractual undiscounted cash flows and will therefore not agree to the carrying values on the statement of financial position.

\$000's	June 2025	June 2024
On demand	21,322	32,628
0-6 months	287,251	219,451
6-12 months	108,783	114,417
1-2 years	35,572	13,746
2-5 years	41,390	26,624
Total	494,318	406,866

Heartland Cash and Term PIE Fund

Notes to the Financial Statements

For the year ended 30 June 2025

Risk management (continued)

14 Interest rate risk

Interest rate risk is the risk that market interest rates will change and impact the Fund's financial results by affecting the margin between interest earning assets and interest bearing liabilities.

In the Term PIE Account, the interest rates on Unit Holders' contributions are determined at the time of contribution. The agreed rate is locked in by Heartland Bank as Registrar through simultaneous investment in Heartland Bank deposits. No interest rate fluctuations can occur on this account during its term.

In the Cash PIE Account, interest rates are effectively matched between the deposits the Fund holds with Heartland Bank and the investments the Unit Holders hold in the Fund. Therefore, the Fund is not exposed to interest rate risk and sensitivity analysis is not presented.

Other disclosures

15 Contingent liabilities and commitments

At 30 June 2025 there were no material contingent liabilities or commitments (2024: nil).

16 Events after reporting date

There have been no material events subsequent to reporting date that would affect the interpretation of the financial statements or the performance of the Fund.



Independent auditor's report

To the unit holders of Heartland Cash and Term PIE Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as at 30 June 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 30 June 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds attributable to unit holders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

In our capacity as auditor and assurance practitioner, we provided other assurance services and reporting to the supervisor over compliance with certain matters in the Trust Deed. Subject to certain restrictions, partners and employees of our firm may invest in the Fund on normal terms within the ordinary course of trading activities of the Fund. The firm has no other relationship with, or interests in, the Manager or the Fund.

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.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

Who we report to

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

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Karen Shires', is written over a horizontal line.

PricewaterhouseCoopers

Auckland

22 October 2025

Heartland Cash and Term PIE Fund

Directory Information

Supervisor

The New Zealand Guardian Trust Company Limited
Level 6
191 Queen Street
Auckland 1010

Registrar

Heartland Bank Limited
Heartland House
35 Teed Street
Newmarket
Auckland 1023

Manager

Heartland PIE Fund Limited
Heartland House
35 Teed Street
Newmarket
Auckland 1023

Auditor

PricewaterhouseCoopers
PwC Tower, Level 27
15 Customs Street West
Auckland 1010

Correspondence specifically for the Supervisor may be sent to:

Relationship Manager, Corporate Trusts
The New Zealand Guardian Trust Company Limited
PO Box 1934
Auckland 1140
T +64 9 909 5100
F +64 9 969 3731

All correspondence from Unit Holders may be sent to:

The Manager
Heartland PIE Fund
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Investment Enquiries

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