

Generate KiwiSaver Scheme

Annual Report

FOR THE PERIOD ENDED
31 MARCH 2023

GenerateKiwiSaver.co.nz



Your Generate KiwiSaver Scheme Year in review

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Generate KiwiSaver Scheme highlights

We strive to deliver top-performing funds and industry-leading service to help our 125,000+ members maximise their KiwiSaver investment.

We launched new funds

We launched three new KiwiSaver funds on 16 May 2022, adding a new Defensive, Conservative and Balanced Fund to the Generate KiwiSaver Scheme. The addition of these new funds brings our total KiwiSaver fund options to six.

Offering a wider selection of funds allows our members to better tailor their investment towards their specific savings goals, which should be advantageous for the different stages their investment journey.

At the same time, we renamed our original Conservative Fund to Moderate Fund. We also updated the strategies for our automated 'Stepping Stones' investment options to reflect our new funds and become more growth-oriented.

We also reduced the fees across all of our funds, which we were pleased to automatically apply to all our member accounts.



Exceptional & awarded customer service

We were thrilled to be awarded a Consumer People's Choice Award for KiwiSaver in 2023. This is the second year in a row we have been awarded this prestigious award, which recognises brands that rate above average for customer satisfaction based on the opinions of thousands of New Zealanders. We're committed to delivering exceptional value and service to our members, and see this award as testament to this.

It was also fantastic to win two premium awards at the Research IP Fund Manager of the Year Awards 2022; as well as winning the Adviser Choice Award for KiwiSaver for the second year in a row, Generate also won the inaugural, Investor Choice Award for KiwiSaver.



Consistent long-term performance

Generate funds continued to perform well despite the challenging market conditions, with all three original Generate KiwiSaver funds placing in the top half of funds in their respective categories for 5 year returns to 31 March 2023¹.

- The Generate Focused Growth Fund ranked 5th in the multi-sector aggressive category for 5-year performance out of 9 funds returning 6.5% after fees.
- The Generate Growth Fund ranked 7th in the multi-sector growth category for 5-year performance out of 16 funds returning 6.5% after fees.
- The Generate Moderate Fund ranked 1st in the multi-sector moderate category for 5-year performance out of 14 funds returning 4.3% after fees.

The Generate Defensive, Conservative and Balanced Funds only launched in May 2022, so do not yet have long-term performance results, but their short-term performance has been pleasing.

Note: When comparing fund performance, Generate recommends looking at long-term performance where possible.

View our advertising disclosures here generatekiwisaver.co.nz

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Morningstar KiwiSaver Survey March 2023. After fees returns do not take into consideration member fees paid in dollars. Generate charges \$36p.a. per member. Please see generatekiwisaver.co.nz/pds for Morningstar disclosures.



Impact investments that make a difference

We continue to work actively with partners for a more sustainable future and are proud of the industry recognition we've received for our community and environmental impact investments.

We believe investment opportunities that have the potential to drive both positive financial returns and a positive social impact, are a win-win, for our members and communities.

This year we partnered with Community Finance and Ōtautahi Community Housing Trust (ŌCHT) to make a \$14 million impact investment to finance 35 new homes for people in need, whilst enabling our members the opportunity to receive a fair market return for their investment.

We also committed to invest \$20 million with New Zealand's most experienced venture capital firm Movac. This investment will provide capital for a group of Kiwi tech companies with growing revenues, to help them accelerate and expand. As they do, our investment has the ability to deliver strong returns for our KiwiSaver members, while supporting these Kiwi businesses to succeed on a global stage.

Generate also continues to be a major shareholder in Skyline Healthcare Group (SHG), New Zealand's market leader in aeromedical transport. Skyline provides essential healthcare services nationwide for Te Whatu Ora and private patients, with scheduled and emergency patient transfers. We're proud our impact investment helps support kiwis when they need it most.



Generate funds awarded 'Mindful Fund' badge

All of Generate's funds were recognised as 'Mindful Funds' by Mindful Money.

The Mindful Fund badge is awarded to responsible investment funds that meet Mindful Money's criteria for avoiding harm, practicing stewardship, and supporting sustainable companies.

See mindfulmoney.nz for more details.

Continued support for the Live Ocean Foundation

Generate's parent company continued to work with the Live Ocean Foundation, and has committed to a minimum \$150,000 donation over three years, to support the incredible work they do to protect and restore our significant ocean spaces.



Kiwis taking care of Kiwis

As New Zealand owned and operated KiwiSaver specialists we're passionate about empowering Kiwis to make smart savings decisions that will help them be better off in the future. We know financial advice adds long-term value to your savings, which is why we're proud that over 90% of our 125,000+ members spoke to or were given the opportunity to speak to an adviser before joining the Generate KiwiSaver Scheme.

For further details on our approach to responsible investment download our Responsible Investing Policy at www.generatewealth.co.nz/responsible-investing

Making the most of your KiwiSaver investment

Choosing the right fund will help you reach your goals

The difference in returns between a conservative fund and a growth fund over a lifetime can be hundreds of thousands of dollars. Things change in life so it's important to regularly check that you are in the right fund based on your appetite for risk and investment timeframe. Use our online retirement savings calculator and our fund selector tool or contact your adviser to see if you're making the most of your KiwiSaver account.

generatekiwisaver.co.nz/kiwisaver-calculator

generatekiwisaver.co.nz/choosing-the-right-fund

Look forward to more at retirement, by increasing your contributions now

Once you have made the right fund choice the next best way to grow your KiwiSaver account is to increase your contribution rate. The difference between 3%, 4%, 6%, 8% or 10% may seem small, but thanks to compounding returns overtime these extra contributions can really add up! If you can afford it, you should consider increasing your contributions. See our website for more details or speak with your adviser.

Make sure you qualify for the \$521.43 Government contribution every year

If you're eligible, the Government will contribute 50 cents for every dollar you contribute to your KiwiSaver account, up to a maximum of \$521.43 each year. If you can afford to contribute enough to get your Government contribution it is well worth it. If you are not working, you can still qualify for the Government contribution – consider setting up a direct debit so you don't miss out on this generous benefit next year. You'll need to contribute at least \$1,042.86 before the end of June 2024 to get the maximum amount.

Track and manage your KiwiSaver investment with the new Generate app

It's easy to track and manage your Generate investments with the new Generate app, available on iOS or Android.

Download the app to:

- Quickly see your account balance
- View your transaction history and investment returns
- Download your annual statements
- Drill down to see exactly where your funds are invested
- Manage your Generate Managed Funds investments

You can also log in to your Generate account via our website.

Bring your Aussie Super back to New Zealand

If you've worked in Australia anytime within the last 20 years, you may want to consider transferring your Aussie Super to your KiwiSaver account. Keeping everything together can make things easier to keep track of, and easier to access when you reach retirement. We don't charge any additional fees for this service, but there are some conditions worth understanding before making the switch. If you're interested, give us a call – we're here to help!

Details of the Scheme

The Generate KiwiSaver Scheme (the “Scheme”) comprises six KiwiSaver Funds and two age-related investment strategies, that automatically select and update your investment Fund/s as you get older.

The Generate KiwiSaver Scheme Funds include a:

- Defensive Fund
- Conservative Fund
- Moderate Fund
- Balanced Fund
- Growth Fund
- Focused Growth Fund

The age-related investment strategies are:

- Stepping Stones
- Stepping Stones Growth.

This annual report for the Scheme covers the period 1 April 2022 - 31 March 2023.

The Scheme is a registered KiwiSaver scheme.

The Manager of the Scheme is Generate Investment Management Limited (“Generate”), who is also the investment manager of the Scheme.

For more information about our investment team, investment philosophy and historical investment returns please refer to our website generatekiwisaver.co.nz

The Supervisor of the Scheme is Public Trust (the “Supervisor”).

The current product disclosure statement for the Scheme is dated 30 June 2023 and is open for applications and available at generatekiwisaver.co.nz

The 30 June 2023 quarterly fund update for each Fund is currently available at generatekiwisaver.co.nz

The latest financial statements and auditor’s report for the scheme for the financial year 1 April 2022 - 31 March 2023 were registered under the Financial Markets Conduct Act 2013 on 27 July 2023.

Information on contributions and Scheme participants

For the Year Ended 31 March 2023

Membership Summary

The table below sets out the changes in membership of the Scheme during the year.

MEMBERSHIP SUMMARY	Number of Members	Funds Under Management (\$)
Total members as at 1 April 2022	113,665 ¹	\$3,283,258,779
ADD		
New members to KiwiSaver	3,461	
Transferring from other KiwiSaver schemes	13,015	
Transferring from Australian Superannuation schemes	95	
Transferring from other retirement schemes	8	
LESS		
Retirement	638	
Death	101	
Transferring to an Australian Superannuation scheme	109	
Transfer out to other KiwiSaver schemes	2,992	
Other exits	214	
Members as at 31 March 2023	126,190²	\$3,761,042,485

¹ The number of members at the start of the year comprises 82,145 contributing members and 31,520 non-contributing members..

² The number of members at the end of the year comprises 92,173 contributing members and 34,017 non-contributing members.

Contributions Summary

The table below sets out the contributions made to the Scheme during the year.

CONTRIBUTION SOURCE	Number of Members	Amount (\$)
Member contributions	94,238	\$249,253,549
Employer contributions	93,593	\$135,704,171
Crown contributions	105,009	\$43,302,417
Lump sum contributions	17,632	\$33,114,739
Other voluntary contributions	1,125	\$1,404,565
Transfers from other retirement schemes	8	\$255,427
Transfers in from other KiwiSaver schemes	13,015	\$314,779,569
Transfers in from Australian Superannuation schemes	95	\$5,390,435

Changes relating to the Scheme

The following is a summary of material changes relating to the Scheme made during the year ended 31 March 2023.

Governing Document

Over the accounting period:

- amendments were made to the Trust Deed to provide the ability to establish new funds by way of an establishment deed and change the name of the Initial Funds to reflect the change in fund name from Generate KiwiSaver Conservative Fund to Generate KiwiSaver Moderate Fund via Deed of Amendment dated 11 May 2022;
- the Defensive, Conservative and Balanced KiwiSaver Funds were established via a Deed of Establishment dated 11 May 2022.

Terms of the offer of interests in the Scheme

We updated the Product Disclosure Statement in May 2022 and December 2022, changes included:

- a reduction in fees;
- amendments to facilitate the offering of additional Generate KiwiSaver funds and incorporate references to the new Defensive, Conservative and Balanced funds;
- amalgamation of 'Management Fee' and 'Other Administrative Charges' into 'Base Fund Management Fee';
- updating the risk indicators for the Generate KiwiSaver Growth Fund, Generate KiwiSaver Stepping Stones 36-45 and Generate Stepping Stones Growth 51-55.

Statement of Investment Policy and Objectives

During the accounting period the SIPO was amended:

- in May 2022 for the addition of the Defensive, Conservative and Balanced KiwiSaver Funds.

Related Party Transactions

All related party transactions with the Scheme were on arm's length terms. There were no material changes to the nature or scale of the Scheme's related party transactions.

Wholesale Fund

We introduced a new Wholesale Fund (the Thematic Wholesale fund) during the account period.

The most recent versions of these documents are available at generatekiwisaver.co.nz and on the Disclose Register at www.companiesoffice.govt.nz/disclose

The Scheme SIPO is available at generatekiwisaver.co.nz

Other information for particular types of managed funds

Withdrawals

The table below sets out the withdrawals from the Scheme during the year.

WITHDRAWAL SUMMARY	Number of Members
First home	1,833
Retirement	1,413
Death	101
Transfer to other KiwiSaver schemes	2,992
Other payments	164
Significant financial hardship	885
Serious illness	85
Permanent emigration	50
Transfers to Australian superannuation schemes	109

Investment Performance

The unit prices of each of the Funds for the year ended 31 March 2023 were:

FUND	\$ Unit price on 31/03/22	\$ Unit price on 31/03/23
Defensive Fund [^]	n/a	1.0110
Conservative Fund [^]	n/a	1.0150
Moderate Fund (formerly named the Conservative Fund)	1.586	1.5760
Balanced Fund [^]	n/a	1.0295
Growth Fund	2.1242	2.0573
Focused Growth Fund	2.2521	2.1604

[^]Unit prices for these funds are not available as they were launched in May 2022

*** Past performance is not necessarily an indicator of future performance.** No returns are guaranteed or assured by any person.

Returns and the current unit prices are available at generatekiwisaver.co.nz

Manager's Statement

Generate as the Manager of the Scheme confirms that for the year ended 31 March 2023:

All the benefits required to be paid from the Scheme in accordance with the terms of the Governing Document and the KiwiSaver scheme rules have been paid; and the market value of the Scheme property at the balance date equalled (or exceeded) the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the balance date.

Changes to persons involved in the Scheme

There were no changes to the manager, its directors, administration manager, investment manager, custodian, securities registrar or auditor of the scheme.

Changes to the Board Members of the Supervisor Public Trust

Vicki Sykes resigned as a member of the Public Trust Board on the 31st October 2022.

Change in name of the Administration Manager

MMC Limited changed its name to APEX Investment Administration (NZ) Limited on 13 December 2022.

How to find further information

Further information about the Scheme is available on the Disclose Register at: www.companiesoffice.govt.nz/disclose

The information on the Disclose Register is provided in two sections, under 'Schemes' and 'Offers'.

1. The 'Schemes' section includes information such as the Governing Document (Trust Deed), the financial statements and the SIPO.
2. The 'Offers' section includes information such as the product disclosure statement, quarterly fund updates, historic fund returns and other material information.

This information is also available on our website generatekiwisaver.co.nz or you can request it via email at info@generatekiwisaver.co.nz or Freephone on 0800 855 322. This information is provided at no charge to you.

Contact details and complaints

If you have any questions or complaints about your investment please contact us:

Compliance Officer
Generate Investment Management Limited
Level 9, Jarden House
21 Queen Street
Auckland Central
Auckland 1010

PO Box 91609
Victoria Street West
Auckland 1142

Freephone: **0800 855 322**
Email: **info@generatekiwisaver.co.nz**
Website: **generatekiwisaver.co.nz**

You may also contact the Supervisor at:

Client Services Manager
Corporate Trustee Services
Public Trust
SAP Tower, Level 16
151 Queen Street
Auckland 1010

Private Bag 5902
Wellington 6140

Freephone: 0800 371 471

If we or the Supervisor are unable to resolve your complaint, you may contact our external dispute resolution scheme. We are members of Financial Services Complaints Limited (FSCL). You can contact FSCL at:

Financial Services Complaints Limited
Level 4
101 Lambton Quay
Wellington 6011

PO Box 5967
Wellington 6140

Freephone: 0800 347 257
Email: complaints@fscl.org.nz

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

Full details of how to access the FSCL scheme can be obtained from its website fscl.org.nz.

You may contact the securities registrar at:

APEX Investment Administration Limited
Level 25, QBE Centre
125 Queen Street
Auckland 1010

Telephone: 09 309 8926

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Poua he Oranga

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