

## Fund Update for the Generate Unit Trust Scheme (Managed Funds): Focused Growth Fund

31 December 2022

This fund update was first made publicly available on 13 February 2023.

### What is the purpose of this update?

This document tells you how the Focused Growth Managed Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Generate Investment Management Ltd prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Before 16 May 2022, the fund was called the Focused Growth Trust. On 16 May 2022, the fund was renamed the Focused Growth Managed Fund.

### Description of this fund

The objective of the Focused Growth Managed Fund is to provide a higher growth investment return over the long-term through investment in nearly all growth assets. The Focused Growth Managed Fund's portfolio is actively managed and can include cash, fixed interest, property and infrastructure assets<sup>1</sup>, Australasian equities and international equities<sup>2</sup>.

The fund has a medium to high level of volatility.

| Focused Growth Fund       |                 |
|---------------------------|-----------------|
| Total value of the fund   | \$20,628,501    |
| The date the fund started | 1 November 2019 |

### What are the risks of investing?

#### Risk indicator for the Focused Growth Managed Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [sorted.org.nz/tools/investor-kickstarter](https://sorted.org.nz/tools/investor-kickstarter). Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the last five years.<sup>3</sup> While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

# Generate Managed Funds

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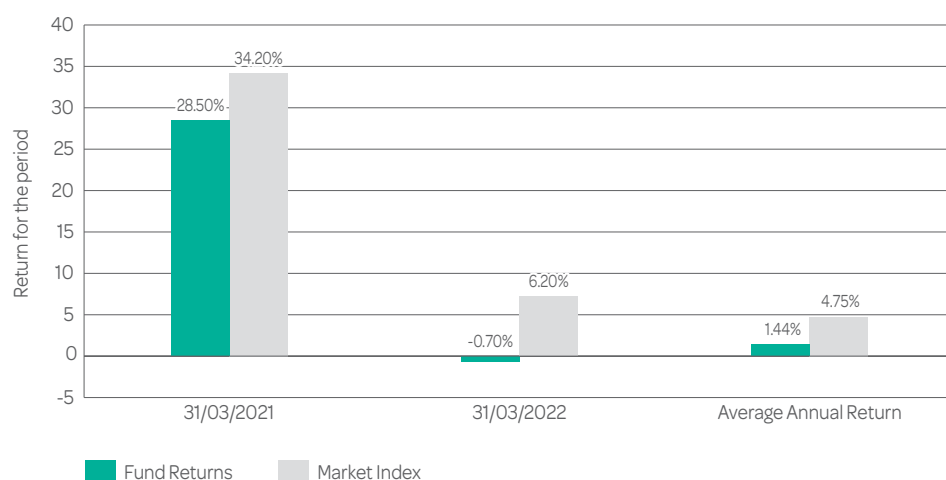
### How has the fund performed?

|  | Past year |
|--|-----------|
| Annual return (after deductions for charges and tax)                   | -15.70%   |
| Annual return (after deductions for charges but before tax)            | -15.46%   |
| Market index annual return (reflects no deduction for charges and tax) | -13.42%   |

The market index return reflects a composite of benchmark index returns, weighted for the fund's target asset allocation, being the fund's relevant benchmark since inception. With effect of 16 May 2022, the composite benchmark indices has changed due to changes in the underlying benchmark indices. All of the share market benchmark indices used include dividends but do not include imputation credits.

Additional information about the market index is available in the SIPO on the register at [business.govt.nz/disclose](http://business.govt.nz/disclose).

### Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 31 December 2022.

**Important:** This does not tell you how the Fund will perform in the future. Returns in this graph are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower. Benchmark returns in the graph are before the deduction of tax.

### What fees are investors charged?

Investors in the Focused Growth Managed Fund are charged fund charges. In the year to 31 March 2022 these were:

|  | % of net asset value |
|--|----------------------|
| <b>Total fund charges</b>                                | 1.48%                |
| Which are made up of:                                    |                      |
| Total management and administration charges including:   |                      |
| Manager's basic fee                                      | 1.10%                |
| Other management and administration charges <sup>4</sup> | 0.38%                |
| Total performance based fees                             | 0.00%                |

A portion of the 'other management and administration charges' relate to management, performance and administration charges from investments in underlying funds. These calculations are based on estimates.

Investors are not currently charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

### Example of how this applies to an investor

Hannah had \$10,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year, Hannah incurred a loss after fund charges were deducted of -\$1,570 (that is -15.70% of her initial \$10,000).

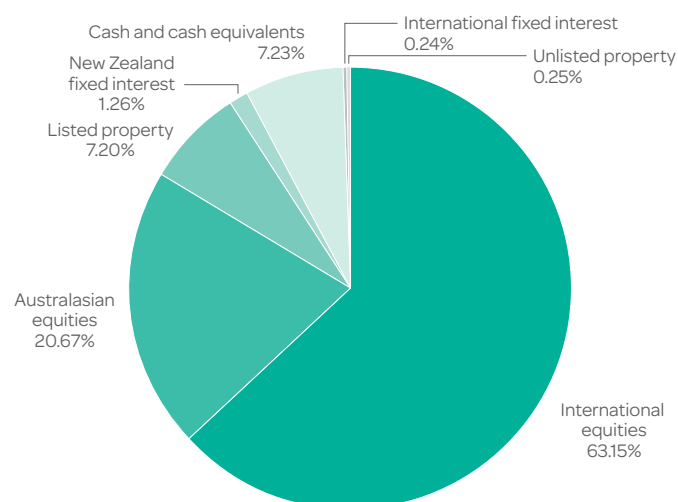
# Generate Managed Funds

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### What does the fund invest in?

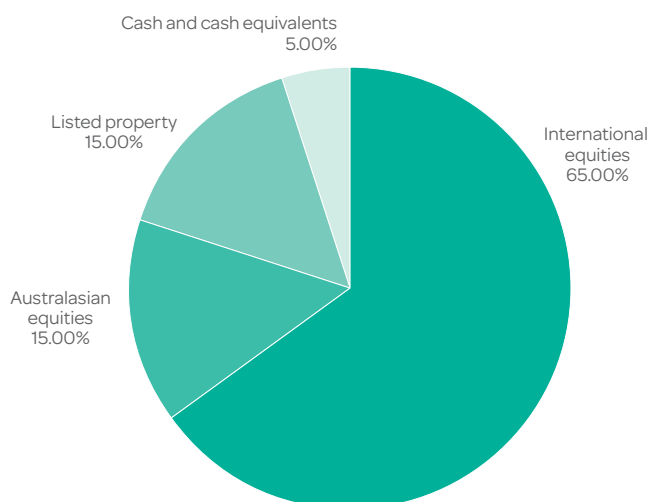
This shows the types of assets that the fund invests in. <sup>1,2,5,6,7,8</sup>

#### Actual investment mix



#### Target investment mix

This shows the mix of assets that the fund generally intends to invest in.



#### Top 10 investments

| Name                            | Percentage of fund net assets | Type                      | Country        | Credit rating (if applicable) |
|---------------------------------|-------------------------------|---------------------------|----------------|-------------------------------|
| T Rowe Price Global Equity Fund | 8.77%                         | International equities    | Australia      |                               |
| ASB NZ Dollar Cash Account      | 4.80%                         | Cash and cash equivalents | New Zealand    | A1                            |
| Infratil                        | 3.76%                         | Australasian equities     | New Zealand    |                               |
| Nuveen ESG Large Cap Value ETF  | 3.69%                         | International equities    | U.S.A.         |                               |
| Worldwide Healthcare Trust      | 3.51%                         | International equities    | United Kingdom |                               |
| Berkshire Hathaway              | 3.11%                         | International equities    | U.S.A.         |                               |
| Spark                           | 3.04%                         | Australasian equities     | New Zealand    |                               |
| Microsoft                       | 3.00%                         | International equities    | U.S.A.         |                               |
| Contact Energy                  | 2.48%                         | Australasian equities     | New Zealand    |                               |
| Amazon.Com Inc                  | 2.25%                         | International equities    | U.S.A.         |                               |

The top 10 investments make up 38.41% of the fund.

The fund's net foreign currency exposure was 35% of net asset value on the 31 December 2022. At target the fund's net foreign currency exposure is 32.50% of net asset value. More details on the approach to currency hedging is available in the SIPO on the register at [business.govt.nz/disclose](https://business.govt.nz/disclose).

# Generate Managed Funds

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### Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

| Name           | Current position  | Time in current position | Previous or other position   | Time in previous or other position |
|----------------|---|--------------------------|--|------------------------------------|
| Sam Goldwater  | Lead Portfolio Manager/Investment Committee Member/Executive Director | 9 years and 9 months     | Led the investment management of a sizeable portfolio of family assets                             | 7 years and 5 months               |
| Daniel Frost   | Portfolio Manager – Property & Infrastructure, Australasian Equities  | 4 years and 11 months    | Senior Analyst, Macquarie Bank   | 5 years and 4 months               |
| Andrew Bolland | Portfolio Manager – Property & Infrastructure, Australasian Equities  | 3 years and 6 months     | Senior Analyst/Associate Portfolio Manager, Salt Funds Management                                  | 6 years and 2 months               |
| Ayrton Oliver  | Portfolio Manager – Fixed Income                                      | 1 year and 9 months      | Vice President, JP Morgan Chief Investment Office, International Rates and FX Portfolio Management | 7 years                            |

### Further information

You can also obtain this information, the PDS for the Generate Unit Trust Scheme (Managed Funds), and some additional information from the offer register at [business.govt.nz/disclose](https://business.govt.nz/disclose).

### Notes

1. The Manager takes a broad view of what constitutes infrastructure assets. See the SIPO for further information.
2. International equities are made up of direct equity investments and investments in underlying funds.
3. As the fund has not been in existence for 5 years a combination of market index returns and the fund's actual returns have been used to complete the risk indicator. Actual returns have been used from 1 December 2019 to the end of the period to which this fund update relates. For all relevant periods prior to 1 December 2019 market index returns have been used in order to construct a total of 5 years of returns on which to base the risk indicator. As a result of estimated returns partially being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
4. For some of the underlying funds that the fund invests into estimates were used when deriving annual management fees, performance-based fees and/or operating costs. Where otherwise not available the management fees and operating expenses were calculated by either dividing the management fees and other operating costs from the most recent period by the average NAV for the same period. Where otherwise not available the performance fees were estimated using the same performance criteria as that stated by the administrators of the underlying funds and applied to the performance over the most recent financial year.
5. 'Cash and cash equivalents' includes the value of foreign exchange hedging derivatives related to the fund's off-shore investments.
6. Listed Property includes investments in aged care companies.
7. The Fund has an ability to invest in unlisted property and infrastructure investments as per limits set in the SIPO.
8. Australasian equities includes an investment in unlisted New Zealand equities.