

Fund Update for the Generate KiwiSaver Scheme: Growth Fund

30 September 2023

This fund update was first made publicly available on 30 October 2023.

What is the purpose of this update?

This document tells you how the Growth 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.

Description of this fund

The Growth Fund aims to provide a high return over the medium to long term. It invests in an actively managed portfolio made up largely of growth assets with a small allocation to income assets. Volatility is likely to be high. Returns will vary and may be low or negative at times.

| | Growth Fund |
|---------------------------------|-----------------|
| Total value of the fund | \$1,315,918,003 |
| Number of investors in the fund | 48,804 |
| The date the fund started | 16 April 2013 |

What are the risks of investing?

Risk indicator for the Growth 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 generatewealth.co.nz/survey. 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. 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.

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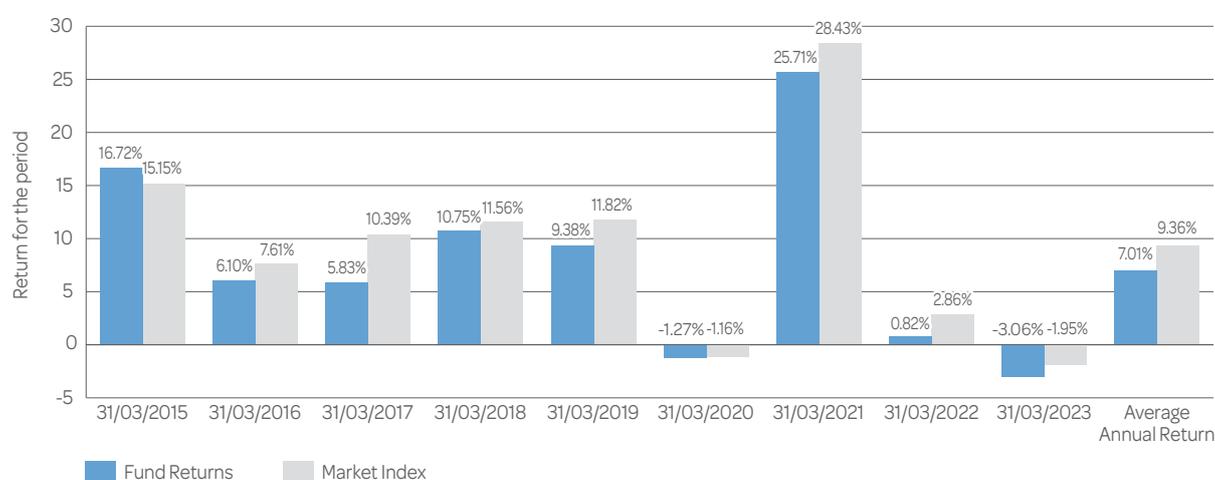
How has the fund performed?

| | 5 year p.a. | Past year |
|--|-------------|-----------|
| Annual return (after deductions for charges and tax) | 4.77% | 10.01% |
| Annual return (after deductions for charges but before tax) | 5.49% | 11.44% |
| Market index annual return (reflects no deduction for charges and tax) | 5.61% | 9.26% |

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. 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.

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 30 September 2023.

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 Growth Fund are charged fund charges. In the year to 31 March 2023 these were:

| | % of net asset value |
|--|------------------------|
| Total fund charges | 1.29% |
| Which are made up of: | |
| Total management and administration charges including: | |
| Manager's basic fee | 1.16% |
| Other management and administration charges ¹ | 0.13% |
| Total performance based fees | 0.00% |
| Other charges | \$ amount per investor |
| Membership Fee ² | \$36.00 per year |

A portion of the 'other management and administration charges' relate to management, performance and administration charges from investments in underlying funds. Some of 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 received a return after fund charges were deducted of \$1,001 (that is 10.01% of her initial \$10,000). Hannah also paid \$36 in other charges. This gives Hannah a total return after tax of \$965 for the year.

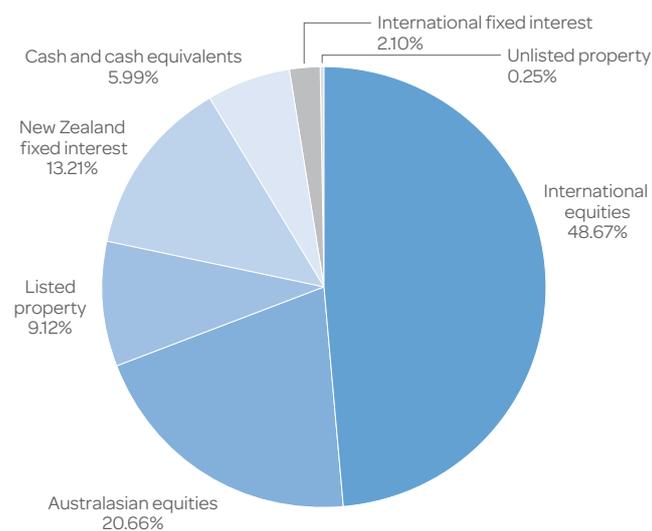
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What does the fund invest in?

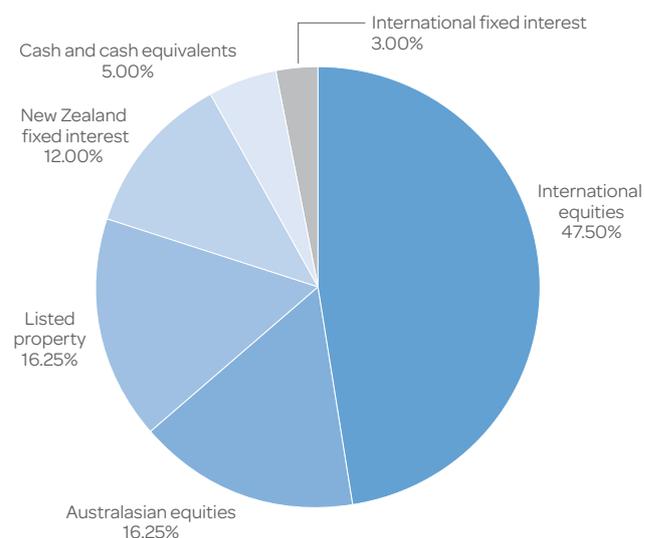
This shows the types of assets that the fund invests in.^{3,4,5,6,7}

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) |
|-----------------------------------|-------------------------------|---------------------------|----------------|-------------------------------|
| ASB NZ Dollar Cash Account | 6.12% | Cash and cash equivalents | New Zealand | A1 |
| T Rowe Price Global Equity Fund | 5.26% | International equities | Australia | |
| Infratil | 3.98% | Australasian equities | New Zealand | |
| Spark | 2.90% | Australasian equities | New Zealand | |
| Contact Energy | 2.80% | Australasian equities | New Zealand | |
| Te Ahumairangi Global Equity Fund | 2.20% | International equities | New Zealand | |
| Microsoft | 2.10% | International equities | U.S.A. | |
| Berkshire Hathaway | 2.03% | International equities | U.S.A. | |
| Fisher & Paykel Healthcare Ltd | 1.97% | Australasian equities | New Zealand | |
| Worldwide Healthcare Trust | 1.91% | International equities | United Kingdom | |

The top 10 investments make up 31.27% of the fund.

The fund's net foreign currency exposure was 25.83% of net asset value on the 30 September 2023. At target the fund's net foreign currency exposure is 23.75% 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.

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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 | Chief Investment Officer/Investment Committee Member/Executive Director | 10 years and 6 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 | 5 years and 8 months | Senior Analyst, Macquarie Bank | 5 years and 4 months |
| Andrew Bolland | Portfolio Manager – Property & Infrastructure, Australasian Equities | 4 years and 3 months | Senior Analyst/Associate Portfolio Manager, Salt Funds Management | 6 years and 2 months |
| Ayrton Oliver | Portfolio Manager – Fixed Income | 2 years and 6 months | Vice President, JP Morgan Chief Investment Office, International Rates and FX Portfolio Management | 7 years |
| Nathan Field | Portfolio Manager – Global Equities | 0 years and 7 months | Portfolio Manager, Global Thematic Fund, Kiwi Wealth | 13 years |

Further information

You can also obtain this information, the PDS for the Generate KiwiSaver Scheme, and some additional information from the offer register at business.govt.nz/disclose.

Notes

1. This fund invests in underlying funds managed by third party managers. The fees on these funds are taken from offer documents or estimated using data from their most recent financial statements. Where applicable, performance fees on underlying funds are estimated taking into account highwater marks.
2. Membership fees are the monthly fixed dollar charges for membership in the Generate KiwiSaver Scheme. You will pay only \$3 each month even if you are invested in multiple funds within the Generate KiwiSaver Scheme.
3. International equities are made up of direct equity investments and investments in underlying funds.
4. 'Cash and cash equivalents' includes the value of foreign exchange hedging derivatives related to the fund's off-shore investments.
5. Listed Property includes investments in aged care companies.
6. The Fund has an ability to invest in unlisted property and infrastructure investments as per limits set in the SIPO.
7. Australasian equities includes an investment in unlisted New Zealand equities.