Generate KiwiSaver Scheme

Other Material Information

30 JUNE 2023

GenerateKiwiSaver.co.nz

A product disclosure statement for the Generate KiwiSaver Scheme is available at **Generatewealth.co.nz** or by contacting us on **0800 855 322**.
The issuer is **Generate Investment Management Limited.**

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1. Background

This document provides important information in relation to your investment in the Generate KiwiSaver Scheme. It should be read together with the PDS, the SIPO and any other documents held on the register at business.govt.nz/disclose, which are also available on our Website at: generatewealth.co.nz/documents-and-forms.

This document has been prepared to meet the requirements of section 57(1)(b)(ii) of the FMCA and parts of clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014.

2. Interpretation

2.1 Defined terms

In this document:

- the words **you** or **your** refer to you and other persons who apply for membership of the Scheme or who are accepted as members of the Scheme, as the context requires;
- the words **Generate**, **we**, **us** or **our** refer, unless the context requires otherwise, to Generate Investment Management Limited;
- where words are defined in the Glossary on page 20, those words have the same meaning wherever they are used in this document; and
- we refer in some places to things that we "generally" or "currently" do. This describes our practice as at the date of this document only. We can review and change our practices without notice to you, so long as we comply with the Trust Deed and relevant law.

3. Details of the Scheme

3.1 The Generate KiwiSaver Scheme

The Generate KiwiSaver Scheme is a registered managed investment scheme that is a KiwiSaver scheme under the FMCA. The Scheme is structured as a unitised trust, governed by a trust deed which appointed Generate as manager and Public Trust as supervisor.

The Scheme offers six different Funds, each with different levels of risk. You can choose to invest solely in one Fund or a combination of them. The investments of the Funds are made in accordance with the PDS and the SIPO.

The six Funds are:

- Generate KiwiSaver Defensive Fund (**Defensive Fund**);
- Generate KiwiSaver Conservative Fund (**Conservative Fund**);
- Generate KiwiSaver Moderate Fund (**Moderate Fund**);
- Generate KiwiSaver Balanced Fund (**Balanced Fund**);
- Generate KiwiSaver Growth Fund (**Growth Fund**); and
- Generate KiwiSaver Focused Growth Fund (**Focused Growth Fund**).

You can also choose either of our life cycle options which are called Stepping Stones and Stepping Stones Growth. Each of these options will automatically select your investment in our funds based on your age and will reduce your risk as you get older. Stepping Stones will do this gradually over time whilst Stepping Stones Growth will keep you invested in a higher proportion of growth assets for longer. The rebalancing of each life cycle investment option will be calculated and actioned annually. Any rebalancing will be based on your age on that date.

We can also change the age ranges and the Fund exposures for our life cycle investment options at any time in accordance with the SIPO. We will notify you of any such change and adjust your contributions and accumulated balance(s) accordingly, if applicable.

Further information can also be found in the PDS and the SIPO, which are available on the Disclose Register or our Website.

3.2 How the Funds work

The money you invest is used to buy units in the Fund or Funds you select. Each unit that you own is a share in the total value of what that Fund is worth. As the value of the Fund's assets go up and down so too does the value of your units. Each unit has an equal interest in a Fund as all the other units and the same unit price.

The Funds' assets are held indirectly via one or more wholesale funds managed by us (including those third party underlying funds that the wholesale funds may invest into). As such, references in this document to the assets of a Fund or the assets that a Fund or the Scheme invests into, are references to those assets as invested via those wholesale funds. The wholesale fund investment structure provides operational and administrative efficiencies.

Each unit has an equal interest in all assets of a Fund and not in any particular asset. This means you are not able to request that we transfer to you an asset of a Fund.

The Funds may issue more units in a fund as members invest money into the Fund and redeem units as members withdraw money from the fund. There is no maximum to the number of units in each Fund.

Unit prices are calculated each Business Day and rounded to four decimal places. Each unit price equates to the Net Asset Value (**NAV**) of the relevant Fund at that time divided by the number of units that have been issued by that Fund.

4. Contributions

Whether you are working or not, you can contribute to the Scheme in a lump sum or regular investment at any time. If you are working and not on a savings suspension, your employer will deduct a regular amount from your Salary or Wages, and generally will be required to top up your contribution with a contribution at the minimum employer rate (currently 3% before employer superannuation contribution tax), although there are some situations where your employer will not have to do so.

4.1 Employee Contributions

You have a choice about how much of your Salary or Wages you contribute regularly as an employee. There are five different rates that you may choose from. You can choose to pay 3%, 4%, 6%, 8%, or 10% of your gross Salary or Wages. If you do not make a choice, you will contribute 3%.

This amount is taken from your Salary or Wages after you have paid tax on them. Your employer will pay the amount deducted to Inland Revenue for forwarding to us. After you have signed up to KiwiSaver, this will happen automatically.

The table below shows what is and isn't included in your Salary or Wages when your employer calculates the amounts you contribute:

INCLUDED	NOT INCLUDED
Taxable salary and wages	Exempt income
Bonuses	Accommodation benefits
Overtime pay	Redundancy payments
Parental leave payments	Overseas living accommodation payments
ACC compensation	Superannuation contributions made for you by your employer

4.2 Employer Contributions

Your employer will usually be required to make a 3% contribution to top up your contribution. This amount will have employer superannuation contribution tax deducted from it before it is paid to Inland Revenue for forwarding to us. The employer's contribution will be paid on top of your Salary or Wages, unless you agree otherwise (in good faith) with your employer. The amount of your employer's contribution is based on your Salary or Wages as set out above. However, for the purposes of employer contributions only, parental leave payments and ACC compensation are not included as part of your Salary or Wages. Your employer can pay more than the minimum if they wish, but they must do so by forwarding payment to Inland Revenue. Your employer will not be required to make a KiwiSaver contribution for you if:

- you are under 18 years old; or
- you are not contributing to the Scheme; or
- (only in certain cases, see below) they are already paying into another retirement scheme for you; or
- you reach the Qualifying Age (currently age 65); or
- you make a life-shortening congenital conditions withdrawal.

However, if you are over 65, joined KiwiSaver before 1 July 2019, and have been a member for less than 5 years, your employer will be required to continue contributing.

If your employer contributes to a superannuation scheme for your benefit, those contributions may mean that your employer does not need to contribute to a KiwiSaver scheme for you (or may mean your employer contributes at a lower rate to a KiwiSaver scheme for you). This will be the case if your employer provided you:

- with access to that superannuation scheme before 17 May 2007; and
- employed you before 1 April 2008, and before then made (or agreed to make) contributions to the superannuation scheme for your benefit.

Your employer's contributions to the superannuation scheme will count for these purposes as compulsory KiwiSaver contributions only to the extent that they vest within five years of being paid to the superannuation scheme. There are certain other limited circumstances prescribed in the KiwiSaver Act where employer contributions to a superannuation scheme will count towards compulsory employer contributions to a KiwiSaver scheme.

4.3 Making contributions if you are not an employee or if you are topping up your investment while you are an employee

If you are an employee, you are allowed to make extra payments to the Scheme. If you are not an employee, you can contribute to the Scheme as detailed below. These payments may be made regularly or in lump sums. Any direct debit payments must be a minimum of $10.00 each. There is otherwise no minimum contribution amount.

If you contribute to the Scheme by a monthly direct debit, these will be processed on the date you nominate, if your nominated date is not a working day, it will be processed on the next working day.

Further extra payments may be made by payment directly to the Inland Revenue. This payment can be made at any Westpac branch, or via internet banking by selecting the "Inland Revenue payment" option – most banks offer this facility. For help topping up your KiwiSaver account please call us on 0800 855 322 or go to https://www.generatewealth.co.nz/kiwisaver/contribute.

4.4 Government Contributions

If you qualify for further Government payments, every year from 1 July to the following 30 June, for every dollar that you pay into the Scheme up to $1,042.86, the Government contributes 50c to the Scheme. The maximum amount that the Government will contribute each year for you is $521.43. This contribution is to encourage you to continue saving regularly.

This payment is called a Government Contribution. If you qualify, the Government Contribution will be paid each year until you reach the Qualifying Age or (if applicable) make a life-shortening congenital condition withdrawal. If you joined KiwiSaver before 1 July 2019, you will continue to qualify until you have been a member for 5 years.

To qualify for the contribution:

- you must be at least 18 years old.
- New Zealand must be your principal place of residence. This means that you stay in New Zealand for most of the year. If you are a Government employee working outside of New Zealand, or if you work overseas as a volunteer or for certain charitable organisations, then the residency requirement may not apply.

Employer contributions, government contributions and amounts transferred from an Australian Complying Superannuation Scheme do not count towards your Government Contribution eligibility.

If you join KiwiSaver part-way through a Government Contribution year (1 July to 30 June), you will receive a Government Contribution based on the number of days in the Government Contribution year that you have been a member.

The Government has announced in its 2023 budget that from 1 July 2024 it intends to make a 3% KiwiSaver contribution to recipients of parental leave payments who make their own contribution of at least 3% (subject to enactment of the relevant legislation). It is currently unknown if any other eligibility requirements or criteria will apply and understood that the contributions are intended to function similarly to compulsory employer contributions.

4.5 Savings Suspension

If you are an employee, you may apply to Inland Revenue to suspend your contributions to the Scheme:

- from between 92 days and up to a year if 12 or more months have passed since your first contribution was received by Inland Revenue, since you first contributed direct to a KiwiSaver scheme, or since you were first a member of a complying superannuation scheme; or
- for 92 days (unless the commissioner agrees to a longer period) if you are suffering, or likely to suffer, financial hardship (and Inland Revenue has received at least one contribution from you).

Inland Revenue will notify you before your Savings Suspension ends and you may apply for a new Savings Suspension. You may resume contributing at any time by giving notice to your employer, requiring the employer to start making deductions from your Salary or Wages. While you are on a Savings Suspension, your employer is not required to contribute to a KiwiSaver scheme for you. You can still receive the Government Contributions if you make voluntary contributions (not out of your Salary or Wages) while you are on a Savings Suspension.

4.6 Transferring from an Australian scheme

You can transfer funds from an Australian complying superannuation scheme into the Scheme if you have permanently moved to New Zealand (or returned to New Zealand). Please call us on 0800 855 322 or email us on info@generatekiwisaver.co.nz to ask about the process for transferring from an Australian scheme.

No funds transferred from an Australian complying superannuation scheme to a KiwiSaver scheme can then be transferred to any country outside Australia.

Savings transferred to the Scheme from an Australian complying superannuation scheme can be withdrawn if you have reached age 60 and satisfy the "retirement" definition in Australian legislation.

Your Australian complying superannuation scheme provider may charge a fee to transfer the savings. You should also consider any effects of the currency conversion (including exchange rate fees) and any differences in the product terms, fees and tax treatment of the two schemes if you are considering transferring your superannuation savings from an Australian complying superannuation scheme.

We recommend that you seek personalised tax and investment advice before transferring your Australian savings, including advice as to the risks, benefits and options available to you.

4.7 Transferring from foreign superannuation schemes

Under the New Zealand regime for taxing withdrawals from foreign superannuation schemes, transfers to a KiwiSaver scheme from a foreign scheme (other than an Australian complying superannuation scheme) are treated as withdrawals and are potentially subject to tax. We would recommend seeking tax advice.

4.8 Contributions that must be accepted

We must accept into the Scheme:

(i) all contributions payable by or in respect of you through Inland Revenue by way of Salary or Wage deductions or compulsory employer contributions (unless we have reasonable cause to believe that those have not been correctly deducted or remitted to the Scheme, or that we have not been given the requisite information from Inland Revenue);

(ii) all Government Contributions;

(iii) all contributions required to be made to the Scheme by or in respect of you by way of Salary or Wage deductions under a Participation Agreement; and

(iv) amounts transferred from other KiwiSaver schemes in accordance with the KiwiSaver Act.

Under the Trust Deed, we may, but need not, accept other contributions and money payable to the Scheme and may impose such terms and conditions for acceptance as we determine.

5. Withdrawals

5.1 Withdrawals from the Scheme

The reason for your withdrawal is a key determinant of the amount of your investment that you can withdraw from the Scheme. In some circumstances, you are not permitted to withdraw all of your investment and in such circumstances you will remain a member of the Scheme following the withdrawal.

5.2 Withdrawing your savings

You become eligible to withdraw all your savings as a lump sum when you reach the Qualifying Age. However, if you joined KiwiSaver before 1 July 2019 and make a partial or full withdrawal and you have been a member of KiwiSaver for less than 5 years, you will lose eligibility to any Government or compulsory employer contributions. Any withdrawals from the Scheme are tax-free.

You can make withdrawals in lump sums or via regular withdrawal amounts. Minimum withdrawal amounts do apply. Please see the table below.

WITHDRAWAL TYPE	MINIMUM	AVAILABILITY
Lump sums	$100	Any time
Regular withdrawal amounts	$100	Weekly, fortnightly, monthly, quarterly or annually

We may alter the minimum withdrawal thresholds and withdrawal availability in the future.

If you withdraw all your funds, your KiwiSaver account will be closed. We may set a minimum account balance in the future and this would require you to make a full withdrawal if your account balance fell below the minimum amount.

There are several limited circumstances in which you may cash in some (or all) of your investment early. These are set out below.

5.3 Buying your first home

To help with the purchase of your first home you may make a one-off withdrawal (provided you leave a minimum balance of at least $1,000 in your account).

You may make this withdrawal if:

- you have been a member of a KiwiSaver scheme and/or a complying superannuation fund for a combined total of three years or more;
- you have not made this kind of withdrawal before;
- the home you are buying will be your principal place of residence and is an estate in land, or an interest in a house on Maori land where you have the right to occupy the Maori land; and
- you have never owned a home either alone or jointly with another person (some limited exceptions apply).

There is also the option to purchase a home as a 'second chance' home buyer if you meet the first three, but not the last, of the above criteria. You must also provide us with written confirmation from Kāinga Ora stating that it is satisfied your financial position (in terms of assets and liabilities) is what would be expected of a person who has never owned a home.

No funds transferred to a KiwiSaver scheme from an Australian complying superannuation scheme may be withdrawn for a home purchase (though post-transfer earnings on those funds may be used for that purpose).

You may be eligible to receive a grant of up to $10,000 for buying your first home, or if Kāinga Ora determines that you are in the same financial position as a first home buyer. The amount of the grant depends on whether the home is existing or newly built. You could get:

- $1,000 a year for each of the 3 (or more) years you've been a member of a KiwiSaver scheme, complying superannuation fund and/or exempt employer scheme, up to a maximum of $5,000, if your first home will be an existing home; or
- $2,000 a year for each of the 3 (or more) years you've been a member of a KiwiSaver scheme, complying superannuation fund and/or exempt employer scheme, up to a maximum of $10,000, if your first home will be newly built.

The grant is paid by the Government, not us or the Supervisor. It is paid directly to your New Zealand solicitor (or licensed conveyancer) to be put towards the purchase price of the house prior to the settlement date. For more information (including eligibility criteria for individuals), visit the Government's website kaingaora.govt.nz. Kāinga Ora administers the First Home Grant.

5.4 Moving overseas permanently (except to Australia)

You may withdraw your money from the Scheme (excluding your Government Contributions and any amount transferred from an Australian Complying Superannuation Scheme) one year after you have permanently emigrated from New Zealand (except if you are moving to Australia – see next section).

Alternatively, at any time after you have permanently moved overseas (except to Australia – see next section), you may direct us to transfer your investment (excluding your Government Contribution amounts and any amount transferred from an Australian Complying Superannuation Scheme) to an overseas superannuation scheme authorised for that purpose by regulations made under the KiwiSaver Act. There have been no such regulations made as at the date of this document.

Your Government Contributions in either circumstance will be repaid to Inland Revenue.

To do this you will need to complete a statutory declaration stating that you have permanently emigrated from New Zealand. You must also prove to our satisfaction your departure from New Zealand, and that you have resided at an overseas address at some time during the year following your departure from New Zealand.

5.5 Moving to Australia permanently

If you permanently emigrate to Australia:

- you will not be permitted to make a cash withdrawal on the basis of permanent emigration; but
- you will be permitted to transfer your full KiwiSaver savings (including the Government Contributions) to an Australian complying superannuation scheme, provided your KiwiSaver savings are below any maximum transfer amount required by Australian legislation. To do this you will need to complete a statutory declaration stating that you have permanently emigrated from New Zealand. You must also prove to our satisfaction your departure from New Zealand, and that you have resided at an Australian address at some time during the year following your departure from New Zealand.

Please contact us for more current information about accessing your money when moving to Australia.

5.6 Significant financial hardship

You may make a withdrawal, not including any Government Contributions, if the Supervisor is reasonably satisfied that you are suffering or likely to suffer from significant financial hardship.

Significant financial hardship includes significant financial difficulties arising because of:

- your inability to meet minimum living expenses; or
- your inability to meet mortgage repayments on your principal family residence, resulting in the mortgagee seeking to enforce the mortgage; or
- the cost of modifying a residence to meet special needs arising from your own or a dependent's disability; or
- the cost of medical treatment for your own or a dependant's illness or injury; or
- the cost of palliative care for you or a dependant; or
- funeral costs for a dependant; or
- a serious illness you are suffering.

The Supervisor must be reasonably satisfied that you have exhausted other reasonable means of finding money and may limit the amount of money you receive to what it thinks is required. The maximum that can be withdraw is your current account balance, less any Government Contributions and any $1,000 kick-start contribution you may have received when you joined KiwiSaver. If you choose to make a withdrawal of this kind, you will need to provide a statutory declaration as to your assets and liabilities.

5.7 Serious Illness

You may make a withdrawal of up to all of your investment from the Scheme if the Supervisor is reasonably satisfied that you are suffering from a serious illness. You will need to provide medical evidence to support any request.

Serious illness means an injury, illness or disability that:

- results in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education or training (or a combination of these things); or
- poses a serious and imminent risk of death.

5.8 Life-Shortening Congenital Condition

You may make a withdrawal from the Scheme up to the value of all your investments in the Scheme if the Supervisor is satisfied that you are suffering from a life-shortening congenital condition that has existed since your birth. The condition must either be:

a) a listed condition (which as at the date of the OMI document are: down syndrome, cerebral palsy, huntington's disease and fetal alcohol spectrum disorder); or

b) a non-listed condition (one for which the member can provide medical evidence that the condition is expected to reduce life expectancy below age 65).

You will need to provide medical evidence with your application. After the withdrawal you will lose eligibility to any Government or compulsory employer contributions.

5.9 Withdrawals on transfer of foreign superannuation

You may make a withdrawal from the Scheme to pay a tax liability, but not including any interest or penalties that may be imposed by Inland Revenue, or student loan repayment obligation arising as a result of transferring funds to the Scheme (or having transferred funds to a previous KiwiSaver scheme) from a foreign superannuation scheme other than an Australian complying superannuation scheme. You may make this withdrawal if:

- you joined the foreign superannuation scheme when you were not a New Zealand tax resident;
- the foreign superannuation scheme is not subject to the foreign investment fund rules under the Tax Act; and
- you were a New Zealand tax resident at the time that you transferred your funds to a KiwiSaver scheme.

The amount that you can withdraw on this basis cannot be more than:

- the lesser of your tax liability or your liability for terminal tax in the year to which the tax liability relates;
- the amount of your student loan repayment obligations; and
- the value of your full KiwiSaver savings, excluding any Kickstart Contribution Amount and any Government Contribution amounts.

Any amount withdrawn will be paid directly to Inland Revenue, and not to you, if this is possible. An application for withdrawal must be made within 24 months from the end of the month in which your tax liability or student loan repayment obligation was assessed. You will need to apply using the form of application that we require, and you will also need to:

- complete a statutory declaration giving the details of your foreign superannuation transfer, your reinvestment into the Scheme (or a previous KiwiSaver scheme), and your resulting liability for tax; and
- include any other documentation and information that we may require in support of your statutory declaration.

5.10 Death

If you pass away, all of your investment in the Scheme (minus any amounts paid to a relevant person under the Administration Act 1969) will be paid to your personal representatives on request.

5.11 Transfer between KiwiSaver schemes

You may transfer to the Scheme at any time from another KiwiSaver scheme or permitted retirement scheme by completing the application included within the PDS. You may also transfer from the Scheme to another KiwiSaver scheme at any time by completing an application for that scheme. Because you are only able to be a member of one KiwiSaver scheme at a time you must transfer your entire account.

5.12 Switching between Funds

You are able to move your investment between Funds and 'Stepping Stones' and 'Stepping Stones Growth' at any time. However, you are only able to be invested in one of the Stepping Stones options and not across both. Any switches will be considered a withdrawal from one Fund and an application for units in another Fund. All the conditions on applications and withdrawals will therefore apply. You can do this by logging into your account at generatewealth.co.nz/ and clicking "Switch your fund" in the "Manage' section or by completing a 'Changing your Investment Strategy Form', available on our website. We suggest you take the time to complete our online fund selection tool at generatewealth.co.nz/survey or speak to one of our Generate KiwiSaver Scheme Advisers before switching your fund.

5.13 No guarantee

There is no guarantee from the Crown or any other person in respect of the Scheme or any investment product of the Scheme. None of us, the Supervisor, any underlying investment manager or administration manager, or any director or board member of any of those entities or any other person guarantees the performance of the Scheme or the payment of any money payable from the Scheme.

5.14 Tax consequences

Please be aware there may be tax consequences from withdrawing or transferring any foreign superannuation funds from the Scheme. We recommend you consult a qualified tax adviser.

6. Persons involved in providing the Scheme

6.1 Our directors and Investment Committee members

Our investment decisions, including the selection of underlying fund managers, are overseen by our Investment Committee (IC).

The Directors and the members of the IC may change from time to time without notice to you.

Information regarding our current directors is available on the Companies Register at companies-register.companiesoffice.govt.nz.

6.2 No Bankruptcy, etc.

Neither we nor any of our directors has, during the five years before the date of this document, been adjudged bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, placed in statutory management or, in respect of us, placed in voluntary administration, liquidation or receivership.

6.3 Underlying fund managers

The Funds (except the Defensive Fund) invest into third party underlying funds (via certain wholesale funds managed by us). The underlying fund managers will charge additional management fees for investing the Scheme's money and may change the fees they charge from time to time. These fees, along with any performance fees charged by the underlying funds, will affect the value of these Funds' investments, and will be reflected in the relevant Fund's unit price.

The estimated underlying management fees, performance fees and administration charges incurred by our underlying funds (plus the estimate of Supervisor fees) for the Funds are available on our Website at generatewealth.co.nz/our-fees.

6.4 Registrar, custodian, auditors, advisers and experts

The following persons perform functions for the Scheme:

- (**Registrar**) Apex Investment Administration (NZ) Limited (**Apex**).
- (**Custodian**) Generate KiwiSaver Public Trust Nominee Limited, a subsidiary of Public Trust.
- (**Auditor**) Grant Thornton New Zealand Audit Partnership is the auditor for the Scheme. Grant Thornton was registered as a registered audit firm under the Auditor Regulation Act 2011 on 30 April 2014. The firm's registration is subject to the standard conditions that apply to audit firm registrations. Grant Thornton have considered and confirmed their independence as auditor and their quality procedures, together with the objectivity of the Audit Partner and audit staff.
- (**Solicitors to the Manager**) MinterEllisonRuddWatts.
- (**Solicitors to the Supervisor**) DLA Piper.

7. Supervisor

7.1 The Supervisor and its board members

The Supervisor of the Scheme is Public Trust.

The address of the Supervisor is:

SAP Tower, Level 16
151 Queen Street
Auckland 1010.

The board members of the Supervisor may change from time to time without notice to you. The names of the Supervisor's board members may be obtained from www.publictrust.co.nz/about/our-team or by phoning the Supervisor on 0800 371 471.

The Supervisor is not a subsidiary of any company.

The Supervisor does not guarantee the payment of any money to you or any other person.

7.2 Supervisor's licence

The Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011 to act as a KiwiSaver supervisor.

Further information on the Supervisor's licence is publicly available on the Financial Markets Authority (**FMA**) website (www.fma.govt.nz) and also on the Financial Service Providers Register website (www.business.govt.nz/fsp).

8. Material Contracts

8.1 Trust Deed

The Trust Deed is dated 14 December 2012 (as subsequently amended or replaced). It details the Supervisor and the Manager's rights and responsibilities and requirements for how the Generate KiwiSaver Scheme will be managed. Members and potential Members can find a copy of the Trust Deed by visiting www.disclose-register.companiesoffice.govt.nz or on our Website.

8.2 Outsourcing Agreements

We have an outsourcing agreement with Apex. We have appointed Apex to undertake unit pricing, fund accounting and registry functions for the Generate KiwiSaver Scheme and relies on Apex's pricing and valuation policy.

Generate KiwiSaver Public Trust Nominee Limited, a subsidiary of Public Trust has been appointed as Custodian for the Generate KiwiSaver Scheme.

The contracts in place with the key providers stipulate the services to be provided, the fees and the contract duration.

9. Further information on fees

9.1 Annual Fund Charges

The Annual Fund Charges listed in section 5 of the PDS are made up of:

(i) Base Fund management fee

The base fund management fee varies across the funds. The fee is calculated daily and paid to us each month, based on the net asset value of the fund. This fee covers the normal operating costs such as our investment management services, Supervisor fees, custodial fee and administration expenses.

The Supervisor charges a fee for its supervisor and custodial services as agreed between the Manager and the Supervisor, and the fee is the same no matter which fund or funds you invest in. We have included an estimate of the Supervisor's fee within our base fund management fee, however the actual fee is calculated daily and paid to the Supervisor each month, based on the net asset value of the Scheme. The Supervisor may also be paid additional fees for non-routine matters, as the Supervisor and the manager may agree from time to time. Such fees reduce each fund's unit price.

(ii) Third party underlying fund fees

The Funds' assets are held indirectly via certain wholesale funds managed by us. We do not charge any additional fees in relation to those wholesale funds. However, the Funds (except the Defensive Fund) hold investments (via the relevant wholesale funds) in third party underlying funds. Most of the managers of these funds will charge fees and may change the fees they charge from time to time. These fees will affect the value of these funds' investments and will be reflected in the relevant fund's unit price. The underlying funds' fees will differ depending on the products into which we decide to invest.

There are two types of fees charged by third party underlying managers:

- **Base fees:** The underlying funds' base fees provided in the summary of regular charges reflect the total estimated charges for the management fees from the underlying funds.
- **Performance fees:** The underlying funds' performance fees provided in the summary of regular charges reflect the total estimated charges for performance fees from the underlying funds.

Any bank fees associated with the Scheme or a Fund are charged directly to the Scheme or the Fund. Where money is transferred from a foreign superannuation scheme, associated Bank charges, currency conversion fees and, where applicable tax will be deducted from amounts transferred before they are converted into units.

9.2 Administration Fee

We have delegated the performance of certain administration management functions for the Scheme (including registry) to Apex. We and Apex are reimbursed from the Scheme's assets for the day-to-day administration of members' balances and for maintaining the member register for the Scheme. Currently the fee is $36 per member per year paid monthly in arrears ($3 per member per month). This is a Scheme fee and not a per fund fee, therefore you will pay the same fee no matter how many funds you are invested into.

9.3 Basis for estimating the fees and expenses

The estimated underlying management fees, performance fees and administration expenses incurred by the third party underlying funds (plus the estimate of Supervisor fees) for the Funds are available on our website at generatewealth.co.nz/our-fees. These estimates are based on fees and expenses in the most recently publicly available annual reports and disclosures from the third party underlying funds as at the date the fees were last calculated and also include our estimate of Supervisor fees. Where these sources do not fully cover such charges we have requested verification from the underlying fund managers.

The annual fund charges in the PDS include recovery of expenses of the Manager and estimated expenses of the third party underlying funds.

9.4 Changes to fees

We may agree with the Supervisor to vary the fees from time to time. Fees not currently charged, may also be introduced at any time as permitted by the Trust Deed. However, any changes in fees will be subject to the 'reasonable fees' restrictions outlined in the KiwiSaver Act.

9.5 Fees must be reasonable

All fees charged to you must be reasonable. If we need to change or add new fees to the Scheme, we are required to notify the FMA. If you think the fees we charge are unreasonable, you are entitled to ask the High Court to remove or reduce the fee. You can apply yourself, or the FMA can do so on your behalf. You have one year from the day the fee is deducted to make an application.

9.6 Goods and Services Tax (GST)

Fund charges are stated exclusive of any GST.
GST will be added where applicable.

9.7 Trading Expenses

The Funds incur trading expenses (e.g. brokerage fees and spreads) when buying or selling investments or units in an underlying fund. These trading expenses reduce the assets of a Fund, and as a result affect that Fund's return. Members in a Fund can have their return reduced by trading expenses arising from other members investing or withdrawing from a Fund.

The Manager may elect to implement a swing pricing mechanism so that trading expenses are shared more fairly between members. If implemented, swing pricing applies a rate:

- which will increase the unit price when net inflows are positive (e.g. more members are investing than withdrawing on a day); and
- which will decrease the unit price when net inflows are negative (e.g. more members are withdrawing than investing on a day).

In both cases this means the members causing the Fund to incur trading expenses pay a greater portion of them.

Swing pricing is not a fee, the swing rates applied are retained in the Fund to be used to pay for estimated trading expenses. Swing pricing is applied on a fund by fund basis and the rate applied may vary depending on market conditions. The swing rates may not always be enough to cover the trading expenses.

The Manager may also elect to use soft dollar commission arrangements with certain brokers to extract more value from the trading expenses arising in a fund. Soft dollars can be earned where the manager makes use of certain brokers with whom the manager has an agreement in place. These soft dollars can then be used to access third-party research and research tools and services to enhance the investment management decision making process. These soft dollars will not be used for research which will solely benefit a fund that did not generate them.

10. Key terms of the Scheme

10.1 Description of scheme and its development

The Scheme was established under a Trust Deed dated 14 December 2012 (as subsequently amended or replaced).

10.2 Scheme description

The Scheme is registered as a KiwiSaver scheme under the KiwiSaver Act. The operation of the Scheme is therefore governed by the KiwiSaver Act. The KiwiSaver Act provides that the KiwiSaver Scheme Rules (which, among other things, prescribe Permitted Withdrawals) and certain other terms are implied in the Trust Deed.

10.3 Admission of Members

Natural persons shall be admitted to membership of the Scheme:

(i) by completing an application for membership of the Scheme (in such form and manner as is prescribed or otherwise required by us from time to time) and by contracting directly with us to become Members in accordance with sections 45 or 55 of the KiwiSaver Act; or

(ii) if the Scheme is an employer's chosen KiwiSaver scheme, by way of default allocation to the Scheme under section 48 of the KiwiSaver Act.

The KiwiSaver Act prescribes invalid enrolment rules providing for circumstances where, when automatically enrolled or opting in, a person:

(i) does not meet the citizenship or permanent residency requirements prescribed in the KiwiSaver Act; or

(ii) is ineligible to join a KiwiSaver scheme due to having reached New Zealand superannuation age (currently 65); or

(iii) has been automatically enrolled and does not meet the requirements of the automatic enrolment rules (e.g. is under 18 or in temporary employment, or has not commenced new employment as defined in the KiwiSaver Act).

We or Inland Revenue must be notified of an invalid enrolment as soon as practicable after it is discovered, but we can treat the enrolment as valid during an initial validation period prescribed in the KiwiSaver Act. If the relevant enrolment criteria have not been satisfied by the end of the initial validation period then we must:

(i) pay the current market value of the relevant Member's investment (i.e. all amounts contributed, plus or minus positive or negative returns and less any Permitted Withdrawals made), less any amount that has been transferred to the Scheme from an Australian complying superannuation scheme, to Inland Revenue; and

(ii) pay any amount that has been transferred to the Scheme from an Australian complying superannuation scheme (or, if it is a lesser amount, the current market value of the relevant Member's investment) back to that Australian scheme, or to another Australian complying superannuation scheme chosen by the relevant Member (or chosen by Inland Revenue, if the relevant Member does not choose an Australian scheme and it is not appropriate to repay the transferred amount to the original scheme).

Inland Revenue must then refund to the affected person:

(i) the amount of his or her own contributions to the Scheme (excluding any amount transferred from an Australian complying superannuation scheme), less Permitted Withdrawals; and

(ii) any of the person's own contributions that are held by Inland Revenue but have not yet been passed to the Scheme;

(iii) together with interest calculated in the manner prescribed by the KiwiSaver Act.

Inland Revenue must refund New Zealand employer contributions to the person's employer, and refund the Tax Credit Amount to the Crown, in the same manner.

10.4 Cessation of membership

You will cease to be a Member on the first to occur of:

- the time you receive (or your personal representatives or a relevant person for the purposes of section 65 of the Administration Act 1969 receives) your full benefit from the Scheme and cease to have any further entitlement under the Scheme;
- your transfer from the Scheme to another KiwiSaver scheme (or to an Australian complying superannuation scheme or other approved overseas scheme when emigrating) and cease to have any further entitlement under the Scheme;
- receipt of notice from us under rule 4(5)(b) of the KiwiSaver Scheme Rules (which relates to having a zero balance in the Scheme).

11. Responsible investment

11.1 Generate is committed to ESG

Investing in a way that incorporates environmental, social and governance (ESG) issues, manages risk and generates sustainable long-term returns is an important consideration in Generate's investment decision making process. Generate became a signatory of the United Nations Principles for Responsible Investment (UNPRI) in May 2018.

Investment decision-making first involves an assessment of whether the investment must be excluded on the basis that it is inconsistent with certain values- based criteria. Broader ESG issues are considered as part of the qualitative research conducted for our investment analysis.

Specifically, investments (including investments in third party underlying funds) into companies that are directly involved in the following activities are excluded*.

- The manufacture of cluster munitions;
- The manufacture of anti-personnel mines;
- The manufacture or testing of nuclear explosive devices;
- The processing of whale meat; or
- The manufacture of tobacco.

See the Responsible Investment Policy (available from generatewealth.co.nz/responsible-investing or from the Disclose Register) for more information on the exclusion process.

12. Taxation

The level of taxes will affect the amount of your benefit from the Scheme.

We, and the Supervisor, do not accept any responsibility for the taxation implications of your investing in the Scheme. Tax legislation and its interpretation are subject to change, and the application of tax laws will depend on your individual circumstances.

We recommend that you consult your own independent tax adviser as to the tax consequences of investing in the Scheme.

The following is a general summary of our understanding of New Zealand tax legislation as it affects the Scheme at the date of the PDS.

12.1 Tax on investment income

The Scheme is a Multi-Rate Portfolio Investment Entity and therefore the PIE tax regime applies. Under the PIE tax regime:

- the Scheme's income, deductible expenses and tax credits for an attribution period are attributed to the Scheme's relevant members in proportion to their interests in the Scheme, and the Scheme pays tax on the net income attributed to those members at each member's Prescribed Investor Rate (your PIR is outlined below);
- if the Scheme suffers a loss (or a member's attributed tax credits exceed the tax payable) for an attribution period, we are able to claim a tax refund (except for excess foreign tax credits) which will be credited to your balance;
- at the time of a withdrawal, or of a switch from one Fund to the other (switches between Funds are treated as withdrawals for tax purposes), tax is payable only on the amount of income attributed to the period in which the withdrawal or switch occurs;
- in the case of shares held for a Fund in New Zealand resident companies, any profits on disposal are not taxable and losses on disposal are not deductible (dividends are taxable); and
- in the case of shares held for a Fund in certain Australian resident companies that are listed on an approved Australian Securities Exchange index and maintain a franking credit account, profits on disposal are not taxable and losses on disposal are not deductible (dividends are taxable, but we can claim a tax credit for any withholding tax deducted from dividends).

For New Zealand-resident individuals who provide their IRD number to the Scheme, there are three PIR tax rates available as at the date of this document (an income year is generally, and a **tax year** is always, 1 April to 31 March):

- 10.5% for members who notify the Scheme that they had, in either of the two income years immediately preceding the current tax year, taxable income of $14,000 or less (this excludes Attributed PIE Income) and $48,000 or less in total taxable income plus Attributed PIE Income (less any Attributed PIE Loss);
- 17.5% for members who do not qualify for the 10.5% rate and who notify the Scheme that they had, in either of the two income years immediately preceding the current tax year, taxable income of $48,000 or less (this excludes Attributed PIE Income) and $70,000 or less in total taxable income plus Attributed PIE Income (less any Attributed PIE Loss); and
- 28% for members who do not qualify for either of the lower rates.

Taxable income generally includes foreign-sourced income even if you were not resident in New Zealand when that income was earned. New residents can exclude their non-resident foreign-sourced income for either the income year in which they became a New Zealand resident or the following income year if they reasonably expect their taxable income to be significantly lower than their total income from the tax year before becoming a New Zealand resident.

If you do not provide your IRD number and a PIR, or are a non resident, your PIR will be 28%. Further information on PIRs can be found on the Inland Revenue website at www.ird.govt.nz. In most instances, if you do not provide an IRD number within 6 weeks of your entry into that Fund you will be removed from the relevant Fund.

Each year you will be asked to confirm to us if your PIR has changed. You should advise the Scheme if your PIR changes during the year or if you cease to be resident in New Zealand.

If Inland Revenue considers that you are on an incorrect PIR, it may provide us with the correct PIR for the tax year, which we must apply, unless you subsequently notify us that a different rate should be applied.

The Scheme calculates the tax liability attributable to you in relation to each Fund for each calculation period (and as at the date of any withdrawal or switch) using your PIR. The tax liability attributed to you for each Fund will be deducted from your balance in the Scheme by cancelling units in the relevant Fund or Funds.

At the end of the tax year, Inland Revenue will calculate your tax liability on your PIE Income using your correct PIR based on the income information Inland Revenue holds for you, and will make adjustments to account for any over or under payments that may have occurred in relation to the tax paid on that income by the Scheme during the tax year.

Any investments held for a Fund in foreign shares (except for shares in certain Australian resident companies that are listed on an approved Australian Securities Exchange index and maintain a franking credit account) or a foreign trust are subject to the fair dividend rate (**FDR**) method of taxation provided the Scheme holds less than 10% of the shares (or units) in any foreign company (or trust). Under the FDR method, the relevant Fund is deemed to derive taxable income each year equal to 5% of the average daily opening market value of the shares (or units) held in foreign companies (or trusts), but any dividends received are not taxable (although we are able to claim tax credits for any foreign withholding tax deducted from the dividends received).

In addition, FDR assessable income includes a component of any realised gains on 'quick sales' undertaken throughout the tax year. Losses incurred on the disposal of foreign shares (or units) are not deductible.

Fees (if any) paid by you for ongoing management and administration services are taken into account as deductions for the purposes of calculating the tax payable on your behalf. You are not able to claim deductions for such fees in your own tax return.

12.2 Tax on contributions

Your contributions to the Scheme are made from after tax income, so no more tax is payable on those contributions. The Government Contribution payments are not income or gifts for tax purposes.

As at the date of this document, employer contributions to the Scheme are taxed at the following employer superannuation contribution tax (ESCT) rates (a **tax year** is always 1 April to 31 March):

- 10.5% if the total of your taxable earnings and the before-tax employer's superannuation contributions (to a KiwiSaver scheme or any registered superannuation scheme) made for your benefit was not more than $16,800 in the previous tax year;
- 17.5% if the total of those earnings plus employer contributions was between $16,801 and $57,600 in the previous tax year;
- 30% if the total of those earnings plus employer contributions was between $57,601 and $84,000 in the previous tax year;
- 33% if the total of those earnings plus employer contributions was between $84,001 and $216,000 in the previous tax year; and
- 39% in every other case.

If your current employer did not employ you for all of the previous tax year, the above rates will be based on estimates of your expected taxable earnings and employer's superannuation contributions for the current tax year.

12.3 Tax on benefits

A transfer from a KiwiSaver scheme to an Australian complying superannuation scheme will be subject (under current Australian legislation) to a prescribed cap on the personal superannuation contributions that can be paid tax-free in any one year. To the extent it exceeds this cap, a transferred amount will be taxed on entry into Australia.

Non-resident members should seek tax advice in their country of residence concerning the tax treatment in that country of payments or transfers from the Scheme.

Under current legislation, when you withdraw funds from the Scheme in New Zealand the amount withdrawn will not be subject to any further taxation (i.e. it will be paid tax-free).

13. Risks

There is some degree of risk involved with all investments. The potential return on an investment usually carries a corresponding level of risk which reflects the possibility that events may not turn out as initially expected or, in particular, that the value of an investment could fall below its initial cost. The risks of investing in the Scheme include the possibility of not realising a particular rate of return and not recovering the full amount invested by you or for your benefit. If the value of the investments made by the Fund in which you are invested falls, it is reasonably foreseeable that the value of your investment in that Fund could be less at some stage than the amount you put into the Scheme or that was invested in the Scheme on your behalf.

We aim to minimise the risks associated with investing in the Scheme through our investment philosophy and approach. See the SIPO for more details.

However, an investment in the Scheme is not guaranteed by any person. Events that can affect the value of your investment or returns include the following:

(a) **Investment risk:** Our Funds invest in different asset classes. The level of investment risk varies based on the asset class selected for each Fund. In general terms, funds that invest in a higher proportion of shares will carry a higher level of investment risk.

The value of shares is affected by many things including market movements and individual company performances.

Property and infrastructure investments are considered less risky than shares but more risky than fixed interest investments.

Funds principally invested in cash and fixed interest will generally have a lower investment risk. The value of fixed interest securities is affected by interest rate movements and the creditworthiness of the issuer.

The higher the weighting of growth assets of each particular Fund, the higher the level of risk. See the SIPO for more details.

The third party underlying funds invest in long, and in some cases long and short, equity investments. The long and short strategies primarily involve long investments with a lesser weighting in short investments. Long means investing in shares and profiting when share prices rise and making losses when they decline in value. Short investments involve investing to profit when share prices fall and making losses if they rise. The relevant third party underlying funds may also use commodities, derivatives, currencies, fixed interest and other securities to help them achieve their investment strategies. The relevant underlying funds decide when to make long or short investment decisions. Losses on any underlying fund are limited to the amount invested. As part of the Scheme's international equities exposure the Manager has the ability to buy international stocks directly.

(b) **Market risk:** Investment markets are affected by a range of factors including economic, political, market, regulatory, taxation, environmental and technological conditions in New Zealand and internationally that impact share prices, property and infrastructure values or interest rates.

(c) **Liquidity risk:** Most of the third party underlying funds can suspend withdrawals from their funds in limited circumstances. This might occur in rare cases such as in the case of natural disasters and extreme financial events. In addition, if the underlying assets of a fund become illiquid then the fund may be unable to sell those assets, which would affect its ability to make payments on time.

(d) **Foreign exchange risk:** Where funds are invested in international investments, foreign currency movements could affect the investment performance of the funds. We actively manage currency exposures by deciding whether or not to fully or partially offset the impact of currency movements via entering into foreign exchange transactions. This is known as "hedging".

(e) **Tax and regulatory risk:** Changes in tax rates and tax rules in New Zealand and the countries in which investments are made by the Funds and changes to the KiwiSaver regime and government incentives could have an adverse effect on your investment. If the Scheme ceases to be a PIE, then your taxation on investment income from the Scheme will change.

(f) **Operational risk:** Failure of processes and procedures, fraud, loss of key staff, litigation, disruption to business by industrial disputes, systems failures, pandemics, natural disasters and other unforeseen external events which might affect our business or the business of the Scheme could have an adverse effect on your investment.

(g) **Product risk:** Changes made to the Scheme from time to time in accordance with the Trust Deed, including any of the Funds' objectives, terms, investment policy, fees and charges, minimum amounts, or one or more of the Funds being closed or terminated could impact on your investment.

(h) **Counterparty and derivative risk:** Failure by counterparts to honour their contractual obligations could affect the management of the Scheme. Decisions made by investment management professionals, including underlying fund managers to short-sell assets, invest in derivatives and other complex investment instruments or borrow, could increase the risk profile associated with investing in those managers. Losses on any underlying fund are limited to the amount invested.

(i) **UK tax risk:** If you have previously transferred funds from a UK pension scheme to the Scheme you may be liable for UK tax if you later withdraw funds from the Scheme as part of a permitted withdrawal under the KiwiSaver Act. You should seek tax advice in this case.

14. Benchmark market indices

The table below shows the benchmark market indices for each asset class that the Funds can be invested in:

ASSET CLASS	BENCHMARK INDEX
Cash	S&P/NZX Call Rate Deposit Index
Fixed interest	80% S&P/NZX Investment Grade Corporate Bond Index; 20% S&P/ASX Corporate Bond Index 0+ NZD Hedged Index
Property & infrastructure	60% S&P/NZX 50 Index Gross; 40% S&P/NZX Real Estate Index;
Australasian equities	S&P/NZX 50 Index Gross
International equities	50% MSCI World ex Australia Net Total Return 100% hedged to NZD and 50% MSCI World ex Australia Net Total Return in NZD

The benchmark market index for each of the Funds is a composite benchmark. This is determined by using the benchmark market index for each asset class and combining the index returns based on each Fund's target asset allocation weighting to each asset class for the relevant period.

See the SIPO for more information on benchmarks and target asset allocation weightings.

The performance of the Funds compared with their relevant composite benchmark will be provided in the fund updates. See generatewealth.co.nz/kiwisaver/fund-updates.

More information on the relevant market indices can currently be found at the following web pages:

- https://www.spglobal.com/spdji/en/indices/fixed-income/sp-nzx-call-rate-deposit-index/#overview
- https://www.spglobal.com/spdji/en/indices/fixed-income/sp-nzx-investment-grade-corporate-bond-index/#overview
- https://www.spglobal.com/spdji/en/indices/fixed-income/sp-asx-corporate-bond-0-index/#overview
- https://www.spglobal.com/spdji/en/indices/equity/sp-nzx-50-index/#overview
- https://www.spglobal.com/spdji/en/indices/equity/sp-nzx-all-real-estate-sector/#overview
- MSCI: msci.com/indexes

15. Conflicts of interest

We have developed a Conflict of Interest and Related Party Transaction Policy to identify, declare and manage any conflicts of interests. Possible conflicts we have identified, which affect all of the Funds, are:

Staff trading

Any Generate employee involved in the day to day trading of the Scheme investments could reasonably be expected to influence Generate's investment decisions if the employee has, or plans to have, a personal interest in investments or planned investments of the Scheme. For example, if the investment manager had just bought a listed security in their personal capacity this may influence their decision to buy that same security for the Scheme. Any such employee is required to disclose any planned investments they make in their personal capacity into securities that are on the Scheme's AIL. Investments in their personal capacity include anything where the relevant staff member is a beneficiary or their spouse and/or any of their children are beneficiaries. When a new security is added to the AIL the relevant staff must disclose any interest they have in that security.

Related Party Transactions

Any potential related party transaction must be reported to the Board, an Executive Director or the compliance officer. Before the transaction is agreed to or takes place the Executive Directors on behalf of the Board will certify to the Supervisor as to why any related party benefits are permitted (as per section 174 of the FMCA). All related party transactions must be entered on the related party transactions register. Where it is determined that a conflict of interest exists, the relevant director or employee will refrain from participating in any discussion or decision making in relation to the transaction in which they are interested.

16. Glossary

ACC means Accident Compensation Corporation.

Approved Issuer List or AIL means a list of all the assets the Scheme is allowed to invest into.

Attributed PIE Income for an income year is the amount of any income attributed to you by PIEs for that income year.

Attributed PIE Loss for an income year is the amount of any loss attributed to you by PIEs for that income year.

Auditor means Grant Thornton New Zealand Audit Partnership.

Business Day means a day other than Saturday or Sunday on which registered banks are open for general banking business in Auckland and Wellington.

Complying Superannuation Fund means a superannuation scheme that, while not a KiwiSaver scheme, has rules enabling an equivalent lock-in of benefits and has been approved by the FMA as a complying superannuation fund in New Zealand.

Custodian means the custodian of the Scheme, currently Generate KiwiSaver Public Trust Nominee Limited, a subsidiary of the Supervisor.

Disclose means the Disclose register maintained by the Registrar of Financial Service Providers, available at business.govt.nz/disclose.

ESCT or **employer superannuation contribution tax** means employer superannuation contribution tax as defined in the Tax Act.

FMA means the Financial Markets Authority.

FMCA means the Financial Markets Conduct Act 2013.

Fund means any fund established and maintained by us as part of the Scheme.

Government means the New Zealand government.

Government Contribution means the Crown contribution made to the Scheme at the rate of 50c per dollar for each dollar you contribute from 1 July to the following 30 June (up to a current maximum Crown contribution of $521.43 a year) which under current legislation will be credited to the Scheme while you are aged 18 or more and until you are able to withdraw all of your savings, are contributing and reside mainly in New Zealand. This assumes that you are not receiving Government Contributions for locked-in contributions to a complying superannuation fund.

GST means goods and services tax.

Inland Revenue or **IRD** means the Inland Revenue Department.

Investment Committee or **IC** means the body described on page 10 and in the SIPO.

Kickstart Contribution Amount means the one-off $1,000 contribution the Government used to make to a KiwiSaver scheme on behalf of investors when they joined their first KiwiSaver scheme. As from 2:00pm on 21 May 2015, the Government ceased providing the Kickstart Contribution Amount to investors.

KiwiSaver Act means the KiwiSaver Act 2006.

KiwiSaver Scheme Rules means the rules applying under the KiwiSaver Act to every KiwiSaver scheme.

Liabilities means, in relation to a Fund or the Scheme, all liabilities of the Fund or the Scheme (as the case may be), including liabilities accrued but not yet paid, and any provision which we decide in consultation with the Auditor should be taken into account in determining the liabilities of the Fund or the Scheme (as the case may be), but excluding any amount which results from treating Members' interests or Units as liabilities and, where the Scheme is a PIE, where we in our complete discretion consider it appropriate to do so, any income tax liability.

Manager, Generate, we, us or **our** means Generate Investment Management Limited.

Member means a natural person who has been admitted to membership of the Scheme and who is, or may become, entitled to benefits under the Scheme.

NAV means net asset value, being the amount produced by deducting the liabilities attributable to each Fund from the market value of the assets of that Fund.

Participation Agreement means an agreement entered into between us and an employer prescribing certain conditions on which the employer's employees may become Members of the Scheme.

PDS means the product disclosure statement for the Scheme.

Permitted Withdrawal means a withdrawal permitted under the KiwiSaver Scheme Rules.

PIE means a portfolio investment entity, and has the meaning given to that term under the Tax Act.

Prescribed Investor Rate or **PIR** has the meaning given to that term by section YA 1 of the Tax Act.

Registrar means the registrar for the Scheme which, at the date of this document, is Apex Investment Administration (NZ) Limited.

Qualifying Age means the date you become eligible to withdraw your savings. This is the New Zealand Superannuation age (currently 65).

Salary or Wages has the meaning given to that term in the KiwiSaver Act.

Savings Suspension means temporarily stopping your contributions to KiwiSaver. You can suspend contributions for as little as three months or as long as one year, provided you have been contributing for at least 12 months – or less if you are experiencing hardship. Suspending your savings means that employer contributions to your KiwiSaver account will also stop and you will miss out on that money going into your account.

Scheme means the Generate KiwiSaver Scheme.

SIPO means the Statement of Investment Policy and Objectives for the Scheme.

Superannuation Scheme means a superannuation scheme registered under the Superannuation Schemes Act 1989 or the FMCA, or any overseas superannuation scheme, in respect of which transfers to or from the Scheme are permissible.

Supervisor means Public Trust.

Tax Act means the Income Tax Act 2007.

Tax Credit Amount means an amount equal to the total amount of Government Contributions credited or transferred to the Scheme for your benefit (disregarding, for the purposes of calculating that amount, any positive or negative returns). If your entitlement from the Scheme is a lesser amount, then that will be your Tax Credit Amount.

Trust Deed means the trust deed for the Scheme dated 14 December 2012 (as amended or replaced).

Underlying fund manager means a third party manager into whose products our funds invest. This term may include, from time to time, third party investment managers who manage investments on behalf of the funds.

Website means our website at generatewealth.co.nz.

Notes

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KiwiSaver™

Poua he Oranga

GenerateKiwiSaver.co.nz