

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

31 March 2023

This fund update was first made publicly available on 3 May 2023.

### What is the purpose of this update?

This document tells you how the Balanced 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.

### Description of this fund

The objective of the Balanced Managed Fund is to provide a balanced investment return over the long-term through investment in a portfolio of actively managed 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.

	Balanced
Total value of the fund	\$781,261
The date the fund started	16 May 2022

### What are the risks of investing?

#### Risk indicator for the Balanced 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)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deduction for charges and tax)	-1.51%

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](https://business.govt.nz/disclose).

### What fees are investors charged?

Investors in the Balanced Managed Fund are charged fund charges. Based on the latest PDS, these are expected to be:

	% of net asset value
<b>Total fund charges</b>	1.36%
Which are made up of:	
Total management and administration charges including:	
Manager's basic fee	1.29%
Other management and administration charges <sup>4</sup>	0.07%
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, and the fund generated the same loss as the market benchmark (adjusted for expected fees). At the end of the year, Hannah incurred a loss after fund charges were deducted of -\$287 (that is -2.87% of her initial \$10,000).

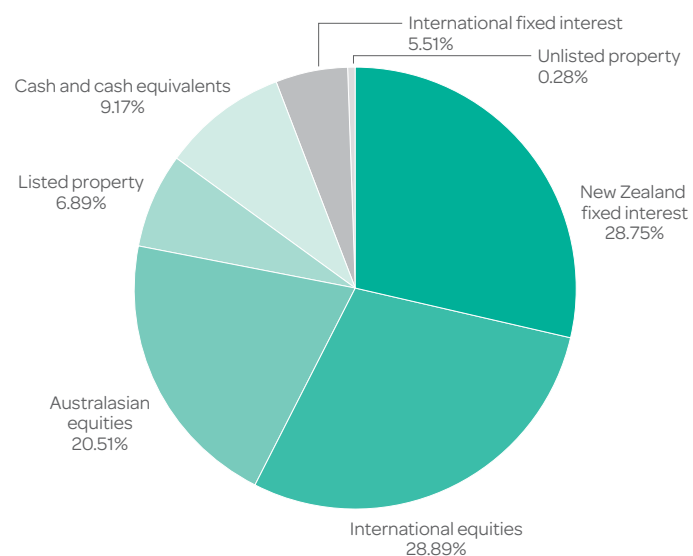
# Generate Managed Funds

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### What does the fund invest in?

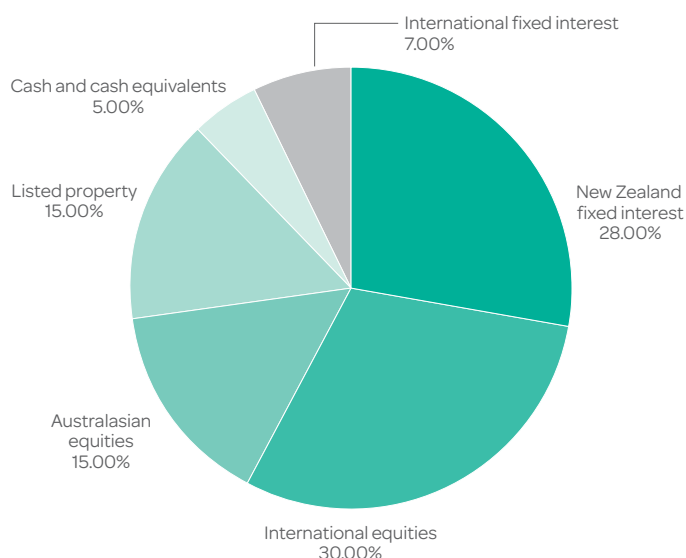
This shows the types of assets that the fund invests in. <sup>1,2,5,6,7,8</sup>

#### 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)
ASB NZ Dollar Cash Account	8.76%	Cash and cash equivalents	New Zealand	A1
T Rowe Price Global Equity Fund	4.24%	International equities	Australia	
Infratil	3.77%	Australasian equities	New Zealand	
Spark	2.91%	Australasian equities	New Zealand	
Contact Energy	2.48%	Australasian equities	New Zealand	
Fisher & Paykel Healthcare Ltd	1.97%	Australasian equities	New Zealand	
Mercury Energy	1.63%	Australasian equities	New Zealand	
Worldwide Healthcare Trust	1.59%	International equities	United Kingdom	
Chorus	1.51%	Australasian equities	New Zealand	
EBOS Group	1.50%	Australasian equities	New Zealand	

The top 10 investments make up 30.36% of the fund.

The fund's net foreign currency exposure was 15.09% of net asset value on the 31 March 2023. At target the fund's net foreign currency exposure is 15.00% 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	10 years	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 2 months	Senior Analyst, Macquarie Bank	5 years and 4 months
Andrew Bolland	Portfolio Manager – Property & Infrastructure, Australasian Equities	3 years and 9 months	Senior Analyst/Associate Portfolio Manager, Salt Funds Management	6 years and 2 months
Ayrton Oliver	Portfolio Manager – Fixed Income	2 years	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 16 May 2022 to the end of the period to which this fund update relates. For all relevant periods prior to 16 May 2022 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 operating costs. The management fee estimate is calculated by either (i) the annual management fees as a percentage of average NAV from the most recent period whereby the information is available or (ii) the sum of the fund's monthly average investments in the underlying funds concerned, multiplied by the underlying funds' percentage annual management fees. Where otherwise not available the performance fees were calculated using the same performance criteria as that stated by the administrators of the underlying funds and applied to FY22 performance. Performance-based fees are subject to market movements and external manager performance and therefore are likely to differ from period to period. The operating costs for the relevant period for some of the underlying funds were not available. In these instances the operating costs estimate is calculated by either (i) the operating costs as a percentage of average NAV from the most recent period whereby the information is available or (ii) the estimate is the sum of the fund's monthly average investments in the underlying funds concerned, multiplied by the underlying funds' percentage annual operating costs.
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.