

# Generate KiwiSaver Scheme

SUPPLEMENTARY BROCHURE

## How it works

10 NOVEMBER 2023

[GenerateKiwiSaver.co.nz](https://GenerateKiwiSaver.co.nz)



A product disclosure statement for the Generate KiwiSaver Scheme is available at [Generatewealth.co.nz](https://Generatewealth.co.nz) or by contacting us on 0800 855 322.  
The Issuer is Generate Investment Management Limited.

# KiwiSaver offers you benefits no other investment can

When you join a KiwiSaver scheme you will receive:

## 3% contribution from your employer

If you're contributing to a KiwiSaver scheme from your salary or wages, your employer is required to put in a minimum of 3% of your before tax pay\* (less employer superannuation contribution tax), if you're 18 or over.\*

As an employee paying PAYE, you'll need to contribute at least 3% for at least the first 12 months of membership.\*

## Government Contributions of up to \$521.43 every year

For every \$1 you put into your KiwiSaver account from 1 July to the following 30 June, the Government will put in 50 cents up to a maximum of \$521.43 per year, if you're 18 or over. To get the maximum amount you'll need to contribute \$1,042.86. This is called a Government Contribution.\* When you join for the first time, Government Contributions will be paid based on the number of days you have been a member in that year (1 July to 30 June).

**Did you know:** Every year thousands of KiwiSaver members miss out on the Government Contribution.

## First home withdrawal

If you've never owned a home, and you've been a KiwiSaver member or a member of a complying superannuation fund for a combined total of at least three years, you can withdraw your KiwiSaver savings to help buy your first home (except for \$1,000 and any amount you may have transferred from an Australian complying superannuation scheme).\*

## Up to \$10,000 First Home Grant

On top of the first home withdrawal, if you're eligible, you may also receive up to \$10,000 as a First Home Grant from the Government towards your first home.\*

## Your money is held in trust

Whether you are with a big Aussie bank or a New Zealand owned KiwiSaver specialist, the law requires your investments to be held by a licensed supervisor and not the scheme provider. This means you can focus on selecting the fund that's right for you knowing your investments are being held by an independent supervisor.

## Over 65's can now join\*

New Zealanders over the age of 65 are able to join KiwiSaver and are not subject to the lock-in period of five years.

# Generous benefits for all members

## EMPLOYEE<sup>†</sup>

3% contribution from your employer, provided you are over 18 and yet to reach your Qualifying Age\*\*

Government Contributions of 50 cents per \$1 invested by you, up to \$521.43 every year

First home withdrawal\*

Up to \$10,000 First Home grant\*

## SELF-EMPLOYED

Government Contributions of 50 cents per \$1 invested by you, up to \$521.43 every year

First home withdrawal\*

Up to \$10,000 First Home grant\*

## NOT EMPLOYED

Government Contributions of 50 cents per \$1 invested by you, up to \$521.43 every year

First home withdrawal\*

Up to \$10,000 First Home grant\*

## UNDER 18

Once you're 18, you may be eligible for all the KiwiSaver benefits

First home withdrawal\*

<sup>†</sup> Salary or wage earner

\* Some conditions apply (see the PDS or OMI)

## OVER 65's

- You can continue to work and contribute after 65.
- Flexibility to withdraw funds at any time by lump sum or regular withdrawal. See below for conditions.

## KiwiSaver FAQ's

### How much do I need to put in?

If you are an employee, you can choose to put in 3% (which is the default rate if you don't make a choice), 4%, 6%, 8% or 10% of your before tax pay.\* The amount of your contributions is deducted from your after-tax pay.

If you are an employee, you are required to contribute to KiwiSaver for a minimum of 12 months before you can apply to suspend contributions.

### What about my employer's contributions?

In cases where you are employed, over 18 and yet to reach your Qualifying Age\*\*, your employer will top up your contribution with a contribution at the minimum employer rate (currently 3% of your before tax pay). \* Employer superannuation contribution tax is deducted from employer contributions.

Members who are self-employed or not employed can choose how much they want to put in and when.

After 65, you can continue to work and contribute. However, your employer does not have an obligation to contribute (although, some may continue to do so) and you do not receive the Government Contribution.

### When can I withdraw my savings?

There are typically two stages in life where you can make a withdrawal:

1. \*\*Qualifying Age – when you reach the New Zealand superannuation age (currently 65). However, if you first joined KiwiSaver before 1 July 2019 and have not been a member for five-years you will lose eligibility for any future Government or employer contributions if you make a withdrawal.
2. For your first home – when you make a first home withdrawal.\*

Having said that, you may also be able to make an early withdrawal based on: significant financial hardship, serious illness, permanent emigration, a life shortening congenital condition, or to pay a tax liability or student loan repayment obligation arising from the transfer of funds from a foreign superannuation scheme.\*

\* Some conditions apply (see the PDS and OMI).

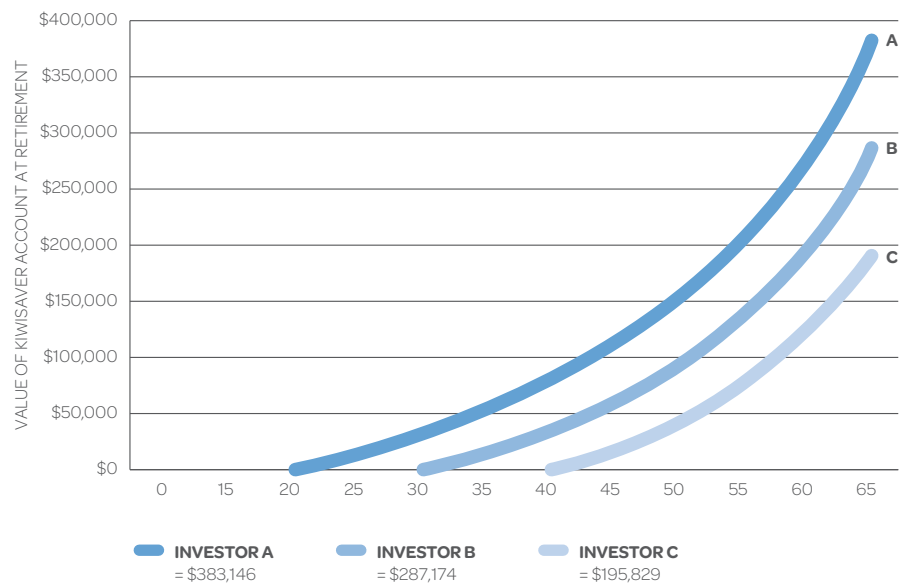
# The earlier you start saving, the better off you will be

Starting early allows you to take advantage of compounding investment returns and generous Government incentives.

These simulated results show the positive effect of compounding returns for three investors in an aggressive fund:

- Investor A starts saving at age 20, with a starting salary of \$35,000.
- Investor B starts saving at age 30, with a starting salary of \$45,000.
- Investor C starts saving at age 40, with a starting salary of \$55,000.

This page uses assumptions provided by the Government intended to illustrate the benefit of investing early. These numbers do not reflect the returns of Generate funds.



## Assumptions

Each investor has a starting balance of \$20,000. Each investor remains employed at all times until their retirement age of 65. No withdrawals are made. Their salaries grow by 3.5% per annum and they earn a 5.5% per annum return after tax and fees. Each investor continues to receive the full Government contribution. Each investor is invested in an aggressive fund. Inflation is assumed to average 2% per annum.

The investors and their employers each contribute 3% of the investor's before tax pay into the investor's KiwiSaver account.

The employer's contributions are net of employer's superannuation contribution tax at current rates. Balances are expressed in real terms as a current dollar amount.

### \*Disclaimer

The illustrations above do not reflect the prospective performance of the Scheme or of any fund. Returns to members of the Scheme are subject to investment and other risks (including potential losses). No returns are guaranteed or assured, and returns can at times be negative, particularly given the length of the investment period shown in the illustration. Past performance is not necessarily an indicator of future performance and returns over different periods may differ.

# Why fund choice is so important

Your fund choice is one of the most important factors of your KiwiSaver account, as it has a significant bearing on your savings.

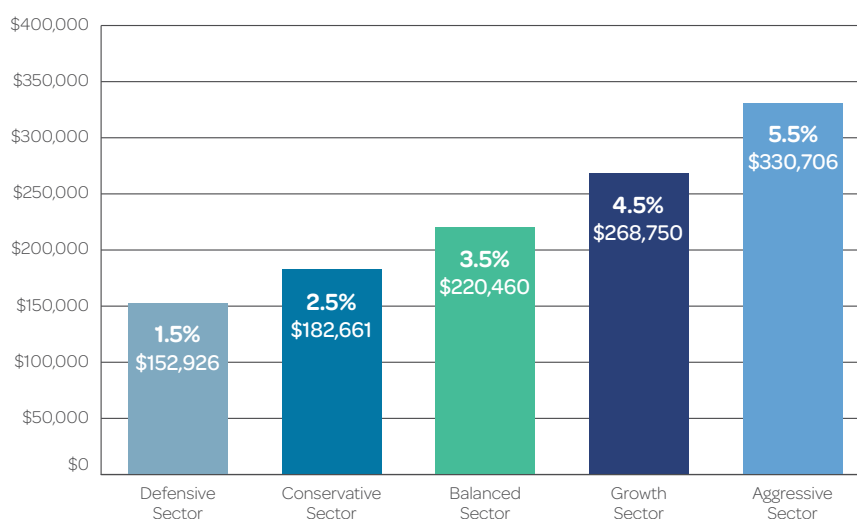
Your KiwiSaver account has two ways of growing:

1. By the amount of money you, your employer and the Government put in.  
**What is your contribution rate?**
2. The returns you earn on your fund. The higher your net return, the bigger your KiwiSaver account at retirement.  
**Has your fund performed satisfactorily?**

This page uses assumptions provided by the Government intended to illustrate difference in potential fund returns. These numbers do not reflect the returns of Generate funds.

**Sarah – 30 years old with a salary of \$55,000**

**Here's what Sarah's KiwiSaver account could be worth after 35 years  
(see assumptions below)**



## Assumptions

Sarah is aged 30 on a salary of \$55,000 p.a. and already has a KiwiSaver balance of \$20,000. She remains employed and contributing 3% of her before tax pay until she reaches retirement at age 65. She continues to receive the full Government contribution each year. In her first year on \$55,000 her 3% contributions will work out to \$32p.w. Her salary is assumed to grow by 3.5% p.a. Inflation is assumed to average 2% p.a. Her employer's contributions are net of employer superannuation contribution tax.

The returns are used for illustrative purposes only and do not reflect the prospective performance of the Generate KiwiSaver Scheme or of any fund. They include tax of 28% (the highest and most common tax rate for KiwiSaver members) and average fees for the relevant sector. The returns are subject to investment and other risks (including potential losses). No returns are guaranteed or assured, and returns can at times be negative, particularly given the length of the investment period shown in the illustration. Past performance is not necessarily an indicator of future performance and returns over different periods may differ.



# Why Generate?

We're an award-winning New Zealand owned KiwiSaver and wealth manager, with a track record of strong long-term performance and industry recognition for our community and environmental impact investments.



## Consistent long-term performance

At the end of the day, what usually matters most to our members is the long-term return on their KiwiSaver investment. We are 'active' fund managers, which means we research and choose what we think are the best investments in New Zealand and globally and then we keep on top of them, every day.

Because of this our funds consistently rank highly for long-term performance, beating the average investment return of KiwiSaver funds in their respective categories. See next page for more details.



## Responsible investing

We specifically exclude companies involved in the manufacture of whale meat, cluster munitions, nuclear explosive devices or tobacco; and we have been a signatory to the United Nations Principles for Responsible Investing since 2018.

Generate funds have also been officially recognised as 'Mindful Funds' on the Mindful Money website.<sup>1</sup>

We also promote impact investing and work actively with partners for a more sustainable future. We were the first KiwiSaver Scheme to make an impact investment into social housing. And in 2021 Generate were part of a group that won "Best Collaboration" at the Sustainable Business Awards.



## Exceptional & awarded service

We're not a faceless provider, quite the opposite. Research shows financial advice adds long-term value to your savings, which is why we like to talk directly with members coming on board to make sure they're well informed and their KiwiSaver plan is right for their goals. Of our 135,000+ members, over 90% have joined through an adviser, and over 84% of our member's funds are in growth funds versus the market average of 42%.<sup>2</sup> Over the long-term members in growth funds will be materially better off than those in balanced or conservative funds.

This service is part of the reason in 2023 we won a Consumer NZ People's Choice Award for KiwiSaver, a Trusted Brand Award for KiwiSaver and the Canstar Award for Most Satisfied Customers.



## Kiwis taking care of Kiwis

Generate is proudly Kiwi owned and operated and one of New Zealand's most trusted KiwiSaver providers. We are passionate about educating and empowering Kiwis to make smart financial decisions that will help them be better off in the future.

## Now's a great time to step up your KiwiSaver savings

<sup>1</sup> www.mindfulmoney.nz. See page 8 for details.

<sup>2</sup> FMA KiwiSaver Annual Report 2022 shows 42% of members funds in growth funds. Generate data as at 30 April 2022 shows 84% of funds in growth or aggressive growth funds.

# Strong performance and excellent value for money

Past 10-year performance to 30 September 2023\*.

## KiwiSaver Multi-sector Aggressive Category

The **Generate Focused Growth Fund** ranked 1st out of 8 funds for 10-year returns in the Multi Sector Aggressive category.

Average

**8.0%\***

Average return of all KiwiSaver Aggressive funds for 10 year returns.

**Generate**

**9.0%\***

10 year returns.

**1st**

OUT OF 8 FUNDS

## KiwiSaver Multi-sector Growth Category

The **Generate Growth Fund** ranked 2nd out of 14 funds for 10-year returns in the Multi Sector Growth category.

Average

**7.6%\***

Average return of all KiwiSaver Growth funds for 10 year returns.

**Generate**

**8.3%\***

10 year returns.

**2nd**

OUT OF 14 FUNDS

## KiwiSaver Multi-sector Moderate Category

The **Generate Moderate Fund** (formerly Conservative Fund) ranked 1st out of 12 funds for 10-year returns in the Multi Sector Moderate category.

Average

**4.3%\***

Average return of all KiwiSaver Moderate funds for 10 year returns.

**Generate**

**5.2%\***

10 year returns.

**1st**

OUT OF 12 FUNDS

\*Source: Morningstar KiwiSaver Survey September Quarter 2023. All returns shown are after fees (except any membership fees charged in dollars, Generate charges \$36p.a.)

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# Responsible investments



## Responsible investments

Investing in a way that incorporates environmental, social and governance (ESG) issues, manages risk and endeavours to generate attractive long-term returns is an important part of our investment decision-making process.

## What is ESG investing and why does it matter?

ESG stands for 'Environmental, Social and Governance'. ESG investing is a strategy that considers both financial returns and the social and environmental impacts of investments.

ESG considerations include environmental and sustainability measures such as climate impact, energy efficiency and waste management. Social factors include human rights, fair trade and employee work/life balance. And good governance means mitigating risks like bribery and corruption.

We look at the companies we're considering investing in, to see how they stack up against these measures. We believe that companies that proactively manage ESG issues are not only doing the right thing, but are more future-focussed and will ultimately deliver better returns for our members.

## Our funds are 'Mindful Funds'

Mindful Money is an independent New Zealand charity that tracks and compares KiwiSaver and investment providers based on their ethical standards. Generate's funds have been recognised officially as 'Mindful Funds' by Mindful Money; this is their stamp of approval for responsible investment options that get beyond greenwashing and misleading claims.

As part of our responsible investment process we specifically exclude companies involved in the manufacture of tobacco, whale meat, cluster munitions and nuclear explosive devices.

## A holistic approach to responsible investing

We're avid promoters of impact investing and work actively with partners for a more sustainable future.

Generate were the first KiwiSaver Scheme to make an impact investment into social housing with a \$15 million investment in Salvation Army community bonds, which helped build 118 warm houses for families in need.

Since then, we've invested over \$45 million into affordable housing with partners including Community Finance, the Salvation Army and Brightlight. These investments have contributed to the financing of 192 new, warm homes, while also providing fair market investment returns for our KiwiSaver members.

We're also a major shareholder in Skyline Healthcare Group (SHG), New Zealand's market leader in aeromedical transport. They provide essential healthcare services to every District Health Board in New Zealand, with scheduled and emergency patient transfers. We're proud our impact investment helps support kiwis when they need it most.

And we've also chosen to work with Live Ocean to protect and restore our significant ocean spaces. The ocean and the life in it faces multiple stressors and Live Ocean supports and invests in promising marine science, innovation and marine conservation projects.

Download a copy of our Responsible Investment Policy from our website:

[www.generatewealth.co.nz/responsible-investing](http://www.generatewealth.co.nz/responsible-investing)



# A bit more about us

We're proud of our people and the level of service we provide. From the 96% customer satisfaction score on our advice, to the strong performance results of the funds, our team are here to make sure you are looked after. Our Director's bios are below.

**Peter Brook** BCom, ACA, CFIP

**Chairman & Investment Committee Chair**

Peter has over 20 years' experience in the investment banking industry, retiring to pursue his own business and consultancy activities. He is currently a Chairman of Burger Fuel Worldwide Limited. Peter is also a Trustee of the Melanesian Mission Trust Board, a member of the Institute of Finance Professionals New Zealand Inc., and a director of several other private companies.

**Nick Kynoch** LLB/BA

**General Counsel, Executive Director**

Nick has over 20 years' experience as a financial services regulatory lawyer in New Zealand and the UK. Prior to joining Generate in 2021, Nick was the General Counsel of the Financial Markets Authority (FMA), where he oversaw all aspect of the FMA's legal work. During his long stint in London, Nick held senior compliance positions at Barclays Investment Bank, and was a partner at leading international law firms. Nick was recognised as one of NZ Lawyer's most influential lawyers in 2021 and a joint winner of the NZ Lawyer's In-House Leaders category in 2022. He is admitted to the Bar in New Zealand and the United Kingdom.

**Sam Goldwater** BCom, DipCom, DipSci

**Lead Portfolio Manager,  
Director & Investment Committee Member**

Sam has over 25 years of financial markets experience. Locally he worked in fixed income sales and trading for the National Bank of New Zealand Treasury, co-managed the bond desk at First NZ Capital, and immediately prior to Generate led the investment management of a sizeable portfolio of family assets. He also worked for three years in London in fixed income trading and origination. Sam co-founded Generate in 2012, and since then he has led the Investment Team and actively helped manage the business.

**Henry Tongue** BCom, DipCom

**CEO, Director & Investment Committee Member**

Henry has over 20 years' experience in the financial markets, beginning as an equity analyst for a New Zealand stock broking firm before moving to London in 1999. In London he worked as an analyst for Credit Suisse and later Abbey National. Returning to New Zealand in 2003, Henry joined a private investment company in the management of their Australasian equity and property portfolio. From 2007 until 2011 he was Senior Portfolio Manager responsible for investments across all asset classes at Hultich Wealth Management. Henry co-founded Generate in 2012, and has been a member of the Generate Investment Committee and CEO since then.

**Helen Robinson**

**Non-executive Director**

Helen has over 30 years experience in governance including within the technology, financial markets, sustainability and consumer products sectors. Former executive roles include Managing Director of Microsoft New Zealand (NZ) VP of Pivotal Corporation Asia Pacific and global Managing Director, Markit Group (now S&P Global). Helen chairs a number of technology companies and is an Independent Director of Local Government Funding Agency (LGFA) and NZTech. Helen is a recipient of the New Zealand Order of Merit (ONZM) for services to business and won the NZ Supreme Women of Influence Award in 2016. Helen's personal mission is to 'do good at scale'.

# How we invest your KiwiSaver savings

We invest in leading companies both in New Zealand and abroad as well as some of the best fund managers in the world\*.



## Target investment mix

Each fund has a long-term target investment mix. The actual investment mix will vary from the target investment mix as we pursue tactical investment opportunities, or as we seek to protect asset values in periods of market volatility.

For further information about the funds' investment activities see the Statement of Investment Policy and Objectives (SIPO) at [Generatewealth.co.nz](http://Generatewealth.co.nz).

## Wholesale funds

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

## Income assets

Cash and fixed interest assets are referred to as income assets because they generate income in the form of interest payments. Income assets are typically less volatile than growth assets, so while the returns will go up and down (and be negative at times) they won't usually move to the same degree as growth assets. Over the long-term, income assets will usually provide lower returns than growth assets.

## Growth assets

Equities and property and infrastructure are referred to as growth assets because they have greater potential to achieve capital growth over the medium to long-term than income assets. They also involve more risk. Typically, the returns of growth assets will fluctuate more than income assets, and growth assets are more likely to experience periods of negative returns.

Australasian equities are predominantly made up of listed securities on the NZX and ASX.

International equities are made up of third party underlying funds that invest predominantly in equities and direct investment (i.e. holdings that are held directly rather than indirectly, by the relevant wholesale funds managed by us), in international stocks. The Defensive, Conservative and Moderate Funds will not invest in third party underlying funds. See the SIPO for more information.

## Currency exposure

Foreign currency exposures are typically 50% hedged. For more details on our currency strategy, see the SIPO.

## Changes to the SIPO

We regularly review our SIPO. We may change the SIPO at any time with the approval of our Investment Committee. Any changes to the SIPO will be advised to the Supervisor prior to taking effect and then lodged on the Disclose Register within five business days of the change taking effect. Material changes will also be advised in the annual report.

Further information about the assets in the funds can be found in the fund updates at [Generatewealth.co.nz/fund-updates](http://Generatewealth.co.nz/fund-updates).

\* The logos shown represent some of the companies and fund managers the Generate KiwiSaver Scheme was invested in at the date of this document. As we are an active manager, investments are subject to change. Any fees for the wholesale funds are included in the fees shown on page 17.

# Choose the fund that's right for you

The longer you have until retirement the more growth assets you can hold to maximise the potential of your KiwiSaver account balance. But, if you are planning to buy your first home or nearing retirement in the next two years you could consider the Defensive Fund.

The following risk profiler will help you decide which fund is right for you\*:

## How many years do you have in KiwiSaver before you will withdraw your savings for your first home or retirement?

A) Up to 2 years	Defensive Fund (Finish questions here)
B) Between 2 – 5 years	2
C) Between 5 – 7 years	4
D) Between 7 – 10 years	7
E) I will not use my KiwiSaver savings for a first-home or retirement for at least 10 years.	8

## How would you describe your risk tolerance?

A) I am a conservative risk taker. I am happy with a lower level of return over the long term.	-1
B) I am a balanced risk taker. I like to have some higher risk investments and some lower risk investments and a moderate level of return over the long-term.	0
C) I am a risk taker. I am happy taking risks and don't mind about short term losses if I can achieve a higher return over the long term.	1

## Growth funds are more volatile than conservative funds.

### If you were in a growth fund that lost 5% of its value in a month during a market decline, what would you do?

A) Move to a conservative fund	-1
B) Move half to a conservative fund	0
C) Stay in the growth fund confident that growth should outperform conservative over time.	1
D) Increase your contribution rate or make a lump sum contribution while prices are lower.	2

## How did you do?

Please add up the numbers next to your answers.

YOUR SCORE	INDICATIVE FUND CHOICE
0 – 1	Defensive Fund
2	Conservative Fund
3 – 4	Moderate Fund
5 – 6	Balanced Fund
7 – 8	Growth Fund
9 – 11	Focused Growth Fund






**Your scores are an indication only of the fund that may best suit you. You can choose any fund or a % of each. Before making a choice, you should consider all of the factors relevant to your decision and seek financial advice where you think it might be helpful.**

\* This is a general guide only and not financial advice, nor a financial advice service under the Financial Markets Conduct Act 2013. It does not take into account your personal financial situation or goals.

The issuer is generate Investment management Ltd. A copy of the PDS is available at [generatekiwisaver.co.nz](http://generatekiwisaver.co.nz)

# Description of your investment options

Choosing a KiwiSaver fund that's right for your savings goals is important. Each fund has a different investment strategy and risk profile, and will produce different returns. At Generate, we have six funds to choose from, with varying degrees of risk and potential return.

Defensive	Conservative	Moderate
<p>The Defensive Fund aims to provide a stable return over the very short term. It invests in an actively managed portfolio made up entirely of income assets. This fund is useful if you plan to withdraw your KiwiSaver funds within the next 12 months and need certainty of the amount you intend to withdraw, like for a deposit on a first home.<sup>^</sup> Volatility is likely to be the lowest of the funds, however a negative return is still possible.</p>	<p>The Conservative Fund aims to provide a modest return over the short term. It invests in an actively managed portfolio made up largely of income assets with a small allocation of growth assets.<sup>^</sup> Volatility is likely to be low to medium. Returns will vary and may be low or negative at times.</p>	<p>The Moderate Fund aims to provide a modest to medium return over the short to medium term. It invests in an actively managed portfolio made up of slightly more income assets than growth assets.<sup>^</sup> Volatility is likely to be medium to high. Returns will vary and may be low or negative at times.</p>
<p>Asset allocation</p> <p>100% Income 0% Growth</p> 	<p>Asset allocation</p> <p>80% Income 20% Growth</p> 	<p>Asset allocation</p> <p>60% Income 40% Growth</p> 
<p>Target investment mix<sup>1</sup></p> 	<p>Target investment mix<sup>1</sup></p> 	<p>Target investment mix<sup>1</sup></p> 
<p>Cash 25%</p> <p>Fixed interest 75%</p> <p>Property &amp; Infrastructure 0%</p> <p>Australasian Equities 0%</p> <p>International Equities 0%</p>	<p>Cash 5%</p> <p>Fixed interest 75%</p> <p>Property &amp; Infrastructure 6.75%</p> <p>Australasian Equities 6.75%</p> <p>International Equities 6.5%</p>	<p>Cash 5%</p> <p>Fixed interest 55%</p> <p>Property &amp; Infrastructure 12%</p> <p>Australasian Equities 12%</p> <p>International Equities 16%</p>
<p>Risk Indicator<sup>2</sup></p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>	<p>Risk Indicator<sup>2</sup></p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>	<p>Risk Indicator<sup>2</sup></p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>
<p>Minimum recommended investment timeframe</p> <p>n/a</p>	<p>Minimum recommended investment timeframe</p> <p>2 years</p>	<p>Minimum recommended investment timeframe</p> <p>3 years</p>
<p>Annual fund charges<sup>3</sup></p> <p>0.79%</p>	<p>Annual fund charges<sup>3</sup></p> <p>1.09%</p>	<p>Annual fund charges<sup>3</sup></p> <p>1.14%</p>

You will also pay an administration fee of \$36 per year.

<sup>^</sup> See page 10 for more details.

<sup>1</sup> The actual investment mix may vary from the target asset allocation as we pursue tactical investment opportunities, or as we seek to protect asset values in periods of market volatility. For further information about the funds' investment activities see the Statement of Investment Policy and Objectives (SIPO).

<sup>2</sup> A combination of market index returns (from 31 March 2018 to 16 May 2022) and actual returns (from 16 May 2022 to 31 March 2023) have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these funds have not been in existence for 5 years), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 of the PDS for more information.

<sup>3</sup> Estimate for the year ahead. Annual fund charges include estimates of the Supervisor fees and third party underlying fund fees. For details regarding the actual fund charges, see the latest fund update see [generatewealth.co.nz/fund-updates](https://generatewealth.co.nz/fund-updates).

### Balanced

The Balanced Fund aims to provide a medium return over the medium term. It invests in an actively managed portfolio made up of slightly more growth assets than income assets. ^ Volatility is likely to be medium to high. Returns will vary and may be low or negative at times.

#### Asset allocation

40% Income 60% Growth



#### Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 35%
- Property & Infrastructure 15%
- Australasian Equities 15%
- International Equities 30%

#### Risk Indicator<sup>2</sup>



Minimum recommended investment timeframe  
**5 years**

Annual fund charges<sup>3</sup>  
**1.25%**

### Growth

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 of income assets. ^ Volatility is likely to be high. Returns will vary and may be low or negative at times.

#### Asset allocation

20% Income 80% Growth



#### Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 15%
- Property & Infrastructure 16.25%
- Australasian Equities 16.25%
- International Equities 47.5%

#### Risk Indicator



Minimum recommended investment timeframe  
**7 years**

Annual fund charges<sup>3</sup>  
**1.28%**

### Focused Growth

The Focused Growth Fund aims to provide a higher return over the long term. It invests in an actively managed portfolio made up predominately of growth assets with a minor allocation of income assets. ^ Volatility is likely to be the highest of the funds. Returns will vary and may be low or negative at times.

#### Asset allocation

5% Income 95% Growth



#### Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 0%
- Property & Infrastructure 15%
- Australasian Equities 15%
- International Equities 65%

#### Risk Indicator



Minimum recommended investment timeframe  
**8 years**

Annual fund charges<sup>3</sup>  
**1.31%**

You will also pay an administration fee of \$36 per year.

## Our 'Stepping Stones' options make fund selection easy

Our Stepping Stones options invest your KiwiSaver savings across different funds based on your age.

As you get older, the way your savings are invested automatically adjusts, and slowly becomes more conservative. This 'set and forget' strategy gives you the benefit of growth investments and the protection of conservative investments as you need them – automatically.

### Stepping Stones

This investment option automatically invests your KiwiSaver savings in our funds based on your age and will reduce your risk as you get older.

### Stepping Stones 0-35yrs

#### Asset allocation

5% Income 95% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>

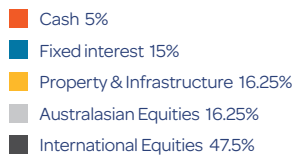


### Stepping Stones 36-45yrs

#### Asset allocation

20% Income 80% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>



### Stepping Stones 46-55yrs

#### Asset allocation

40% Income 60% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>



### Stepping Stones ^ 56-60yrs

#### Asset allocation

50% Income 50% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>



### Stepping Stones 61-64yrs

#### Asset allocation

60% Income 40% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>

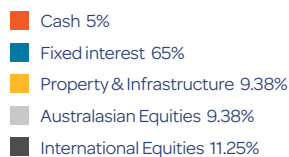


### Stepping Stones ^ 65-75yrs

#### Asset allocation

70% Income 30% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>



### Stepping Stones 76+yrs

#### Asset allocation

80% Income 20% Growth

#### Target investment mix<sup>1</sup>



#### Risk Indicator<sup>2</sup>



See footnotes on following page.

^ For the Split between funds, see the page 5 of the PDS. Figures based on your investment being allocated 50/50 across 2 funds at the beginning of this life stage. This 50/50 allocation is rebalanced annually.



### Stepping Stones Growth

This investment option works in the same way as Stepping Stones, but it will keep you invested in a higher proportion of growth assets for longer.

### Stepping Stones Growth 0-50yrs

Asset allocation

5% Income 95% Growth



Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 0%
- Property & Infrastructure 15%
- Australasian Equities 15%
- International Equities 65%

Risk Indicator<sup>2</sup>



### Stepping Stones Growth 51-55yrs

Asset allocation

20% Income 80% Growth



Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 15%
- Property & Infrastructure 16.25%
- Australasian Equities 16.25%
- International Equities 47.5%

Risk Indicator<sup>2</sup>



### Stepping Stones Growth 56-60yrs

Asset allocation

40% Income 60% Growth



Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 35%
- Property & Infrastructure 15%
- Australasian Equities 15%
- International Equities 30%

Risk Indicator<sup>2</sup>



### Stepping Stones Growth 61-75yrs

Asset allocation

60% Income 40% Growth



Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 55%
- Property & Infrastructure 12%
- Australasian Equities 12%
- International Equities 16%

Risk Indicator<sup>2</sup>



### Stepping Stones Growth 76+yrs

Asset allocation

80% Income 20% Growth



Target investment mix<sup>1</sup>



- Cash 5%
- Fixed interest 75%
- Property & Infrastructure 6.75%
- Australasian Equities 6.75%
- International Equities 6.5%

Risk Indicator<sup>2</sup>



## Still not sure about the right fund for you?

No problems. Simply call us on **0800 855 322** and we will give you further information to assist you to make the right decision.

<sup>1</sup> The actual investment mix may vary from the target asset allocation as we pursue tactical investment opportunities, or as we seek to protect asset values in periods of market volatility. For further information about the funds' investment activities see the Statement of Investment Policy and Objectives (SIPO).

<sup>2</sup> A combination of market index returns (from 31 March 2018 to 16 May 2022) and actual returns (from 16 May 2022 to 31 March 2023) have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these funds have not been in existence for 5 years), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 of the Product Disclosure Statement for more information.

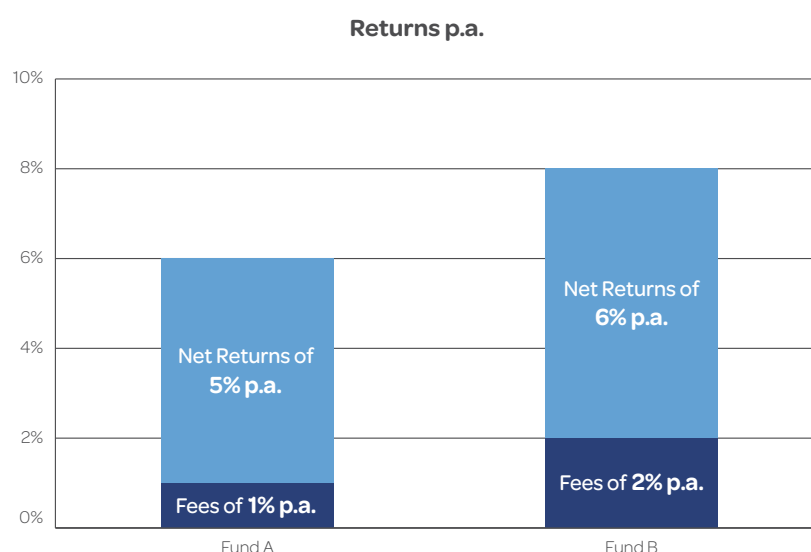
# KiwiSaver fees and taxes

Always compare returns after fees, not just fees.

Fees can be a hot topic among many KiwiSaver providers, but often what they don't consider are the net returns after fees.

A comparison of just fees will only tell part of the story. Looking at the returns your investment makes after fees, shows how much you actually receive as an investor, regardless of the fees. As Warren Buffet says, 'Price is what you pay, value is what you get.'

For example this graph shows two funds. Fund A has a 1% fee while Fund B has a 2% fee. A comparison of just fees would select Fund A. However, Fund A has total return of 6% less the 1% fee which gives a net return of 5%. Fund B has a total return of 8% less the 2% fee which gives a net return of 6%. A comparison of net returns after fees would select Fund B. This is a simple example as there are many other things to consider when selecting a fund but it demonstrates the value in looking at returns after fees.



## Focus on 'after fee and tax outcomes' more important than pure fees – SuperRatings

Funds research firm SuperRatings recognises that whilst fees are an important factor in assessing the competitiveness of a scheme, studies have shown that "there is often an inverse relationship between fees and investment outcomes achieved by members, as those funds with the lowest fees will often provide lower investment returns than their higher fee counterparts" said SuperRatings Executive Director, Kirby Rappell.

## SuperRatings say the best way to determine value for money involves consideration of investment earnings, as well as the fees charged.

"SuperRatings continues to believe the best way to determine value for money involves consideration of investment earnings, as well as the fees charged. We refer to this as the 'Net Benefit' outcome". (SuperRatings Media Release 5.11.2020)

## Working out your PIR

KiwiSaver Schemes are portfolio investment entities. The amount of tax you pay is based on your prescribed investor rate (PIR). Your PIR rate is either 10.5%, 17.5% or 28% based on your income over the last 2 years.

**Did you know: If you are paying too little tax you are liable to pay additional tax to the IRD (together with any interest and penalties).**

A guide to calculating your PIR is included on page 21.

# Generate fees

A full breakdown of the fees is provided in Section 5 of the PDS.

Summary of regular charges

FEE	DEFENSIVE FUND	CONSERVATIVE FUND	MODERATE FUND	BALANCED FUND	GROWTH FUND	FOCUSED GROWTH FUND
Annual fund charges as a % of Net Asset Value (NAV)*^	0.79%	1.09%	1.14%	1.25%	1.28%	1.31%
Administration fee	\$36 per member per annum					

\* Estimates  
^ Net Fees rounded to 2 decimals

## Example of how fees apply to an investor

Hannah invests \$10,000 in the Growth Fund. She is not charged an establishment fee or a contribution fee.

This means the starting value of her investment is \$10,000. She is charged management and administration fees, which work out to about \$128 (1.28% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Over the next year, Hannah pays other charges of \$36.

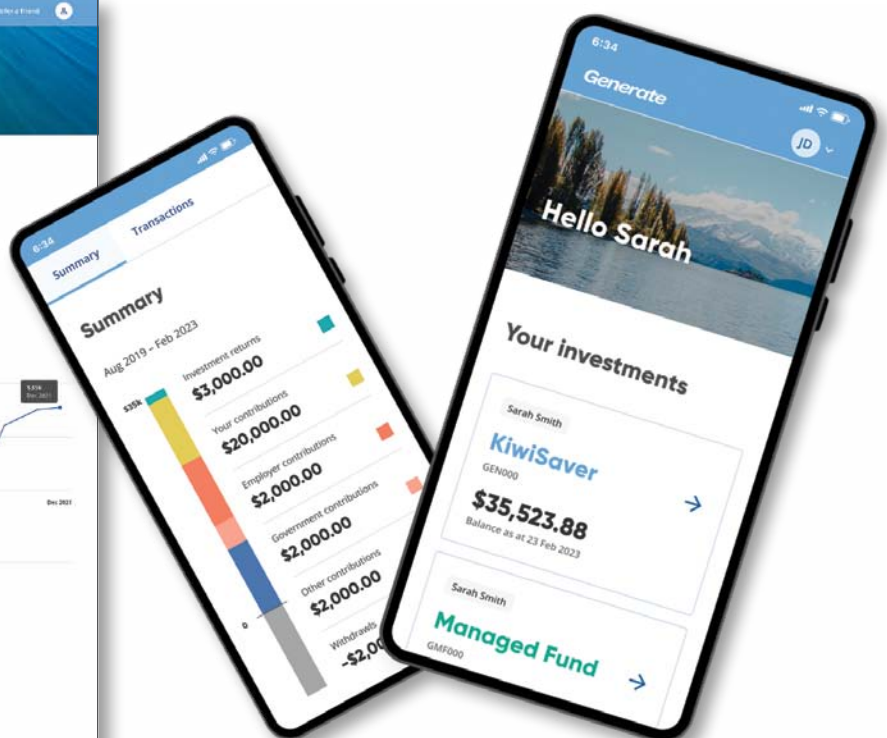
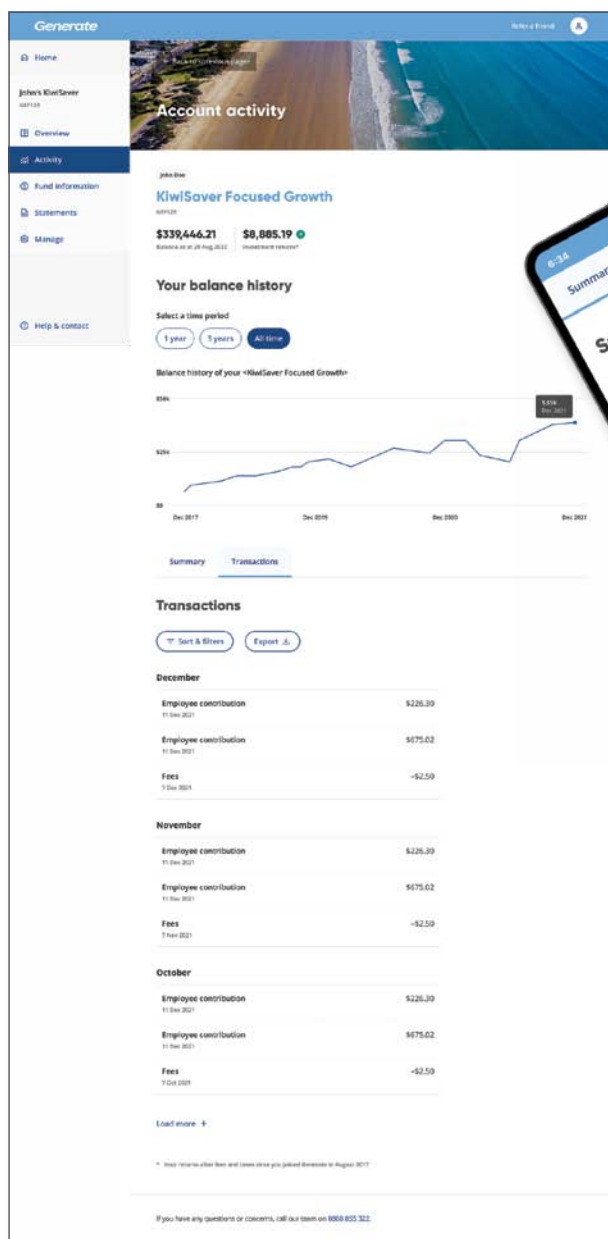
## Estimated total fees for the first year

Fund charges: \$128  
Other charges: \$36

See the latest fund update for an example of the actual returns and fees investors were charged over the past year. This example applies only to the Growth Fund. If you are considering investing in other funds or investment options in the Scheme, this example may not be representative of the actual fees you may be charged.

# Easily manage your investments with the Generate app

Get your fund performance at your fingertips with the Generate KiwiSaver app. Our innovative app provides an easy way to keep track of your investments and see exactly where your money is invested. The app is available on iOS and Android, and also available on desktop from a web browser.



## App features:

- Monitor your investments
- See your full investment breakdown
- Download your transaction summary and Annual Statements
- View the investment breakdown of all funds
- Switch between funds\*
- Request your first-home with eligibility
- Track your Generate Managed Funds investments
- Refer your friends

\* We always recommend talking with a KiwiSaver adviser before switching funds.

You will need a unique email address to login to your account.  
We recommend you use a personal email address as opposed to a work email address.  
We will email you as soon as we have processed your application with your login details.

Please contact us if you need help to login.

# What our current members say about us

Over 135,000 Kiwis have joined Generate.

We regularly ask our members to rate their advice experience out of 5, with 1 being “not very informative” and 5 being “really valuable information and a good use of my time”. In our recent survey 99% rated our advice as 4 or 5 out of 5\*.

See below some real member feedback:

“Best KiwiSaver provider in NZ.  
Thanks for looking after us.”

– **Ula**  
Generate Member

“Generate has helped me grow my  
savings for my first home. Yay!”

– **Travis**  
Generate Member

“Innovative and has great  
communication with clients.”

– **Collete**  
Generate Member

“With Generate it’s easy to understand  
our KiwiSaver investment.”

– **Sweeta**  
Generate Member

“Trustworthy investments. I like the  
community giving back initiatives.”

– **Sally**  
Generate Member

“Simple, easy to understand  
and access.”

– **Chris**  
Generate Member

“Love that I don’t have to worry  
about my retirement.”

– **Stephen**  
Generate Member

“I TRUST you to  
look after my money.”

– **Hayden**  
Generate Member

# Recommend Generate to family and friends

Refer your friends and family to Generate and we’ll put you in the draw to win \$5,000 worth of travel or entertainment vouchers.

**1 - 4 referrals = 1 entry per referral. 5 - 9 referrals = 2 entries per referral. 10+ referrals = 3 entries per referral.**

As leaders in responsible investment with consistently top performing^ funds, and award-winning service, you can trust us to help your friends and family maximise their KiwiSaver investment. A smart decision now, could literally make hundreds of thousands of dollars difference to their retirement.

Ask your Adviser about this offer, or have your friends or family call us, and mention your name when booking their appointment: 0800 855 322

Terms apply see: [generatewealth.co.nz/prizedraw](https://generatewealth.co.nz/prizedraw)

\* Generate New Member Survey from FY 2021.

All testimonials are real and sourced from either Generate Newsletter Nov – Dec 21 or Generate Facebook Jan 22. ^ Past performance is not a reliable indicator of future performance.

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# How to join or transfer

## Follow these easy steps...

1. Complete the application form at the back of the PDS.
2. Remember to include the required identification and proof of address.
3. Let your employer know you have joined a KiwiSaver scheme as well as your contribution rate (if you are employed and new to KiwiSaver).

## What next?

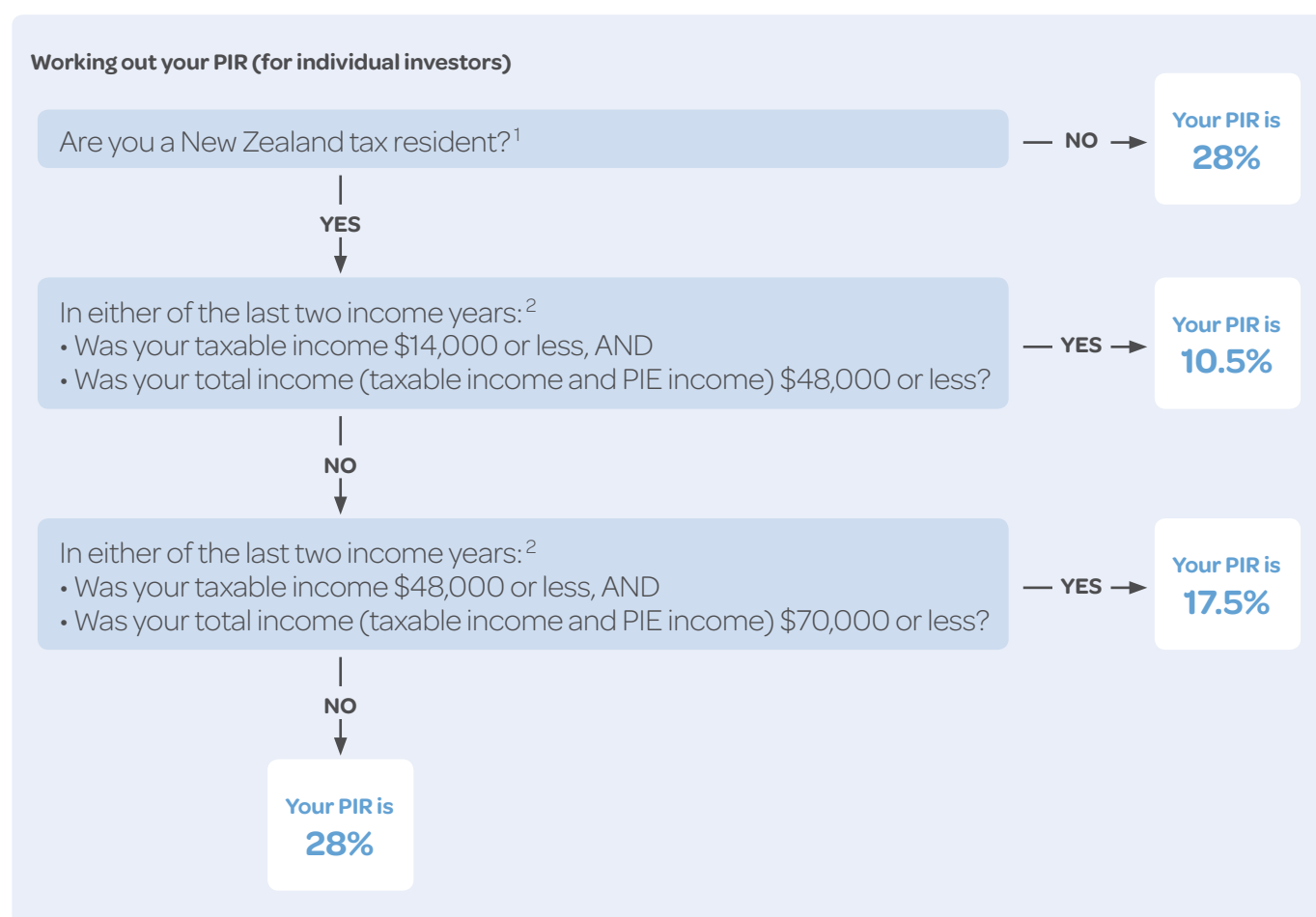
1. Check your email for confirmation of your membership of the Generate KiwiSaver Scheme.
  2. Follow the instructions included in the confirmation to access your account.
  3. Read our monthly email newsletter for updates on investments and other news.
  4. If you are employed, your KiwiSaver contributions will be sent from your employer to Inland Revenue, who will forward them onto the Generate KiwiSaver Scheme. If you are not employed but want to contribute on a regular basis, please complete a direct debit form as part of your application.
-



# Working out your tax rate for KiwiSaver

You pay tax on the money you earn from your KiwiSaver investment. If you're not on the right rate, you could be paying more tax than you have to. However, if you are paying too little tax you are liable to pay additional tax to the IRD.

Before you invest in a portfolio investment entity (PIE) such as a KiwiSaver scheme, you will need to provide your IRD number and Prescribed Investor Rate (PIR). If you do not provide your IRD number and PIR, the income derived on your KiwiSaver account will be taxed at the default rate of 28%. Your PIR is used to calculate the tax on income derived on your KiwiSaver account. You can determine your PIR by answering the following questions:



<sup>1</sup> Generally you are a New Zealand tax resident if;  
 – You are in New Zealand for more than 183 days in any 12 month period, or  
 – You have a “permanent place of abode” in New Zealand, or  
 – You are away from New Zealand working for the New Zealand Government.

<sup>2</sup> Previous two income years refers to the two tax years prior to the tax year that the PIR is being applied to. (For example, use your income for the 2020-2021 tax years to work out your 2022 PIR). Your attributed PIE income or attributed PIE loss for an income year is the amount of income or loss attributed to you by PIEs in that income year, which will be recorded in the tax certificates issued to you at the end of the income year by each PIE you invest in. Refer to the OMI tax section for more information on how to determine your PIR.

## What happens next?

After submitting your application, we will email you a link to set up a login for your Generate online account. We will then email you again to confirm when your KiwiSaver account has been set up with Generate.

Generate members then receive a newsletter each month, which includes information on the performance of your KiwiSaver investment, our view on the financial markets and general information on investing and KiwiSaver.

Please make sure your email address is correct on your application so we can stay in touch.

### Helpful Tip:

**KiwiSaver is for life however many people change jobs regularly so please use a personal email address rather than a work one.**

## Moving from another provider?

If you are moving from another provider, Generate will contact your old provider and arrange the transfer of your funds.

**Please note that this can take up to 10 working days.**

### If you are Employed (via PAYE)

If you would like to change or check your contribution rate of 3%, 4%, 6%, 8% or 10% you will need to tell your employer to make that change. KiwiSaver providers are unable to tell your employer what your contribution rate is. If you are happy with your current contribution rate you do not have to do anything further.

### If you are self-employed/not working/under 18

If you have a direct debit in place with your previous provider you will need to instruct your bank to cancel the old direct debit and set up a new one with Generate.

## New to KiwiSaver?

If you are joining KiwiSaver for the first time, any contributions will be held by the IRD for the first 90 days before being sent to your Generate account.

### If you are employed (via PAYE)

**You will need to let your employer know that you have joined KiwiSaver and what your chosen contribution rate is (either 3%, 4%, 6%, 8% or 10%).** KiwiSaver providers are unable to tell your employer what your contribution rate is. They may ask you to complete a KS2 form. If no deductions are received by the IRD they will write to your employer requesting them to start making deductions.

### If you are self-employed/not working/under 18

Your balance will be starting at \$0. With no contributions coming through your work, we strongly encourage you to start a direct debit or set an automatic payment up to contribute to your account.

# Contact us

## We're here to help.

If you have any questions regarding your membership in the Generate KiwiSaver Scheme please contact us on **0800 855 322** or email us at **info@generatekiwisaver.co.nz**

## Directory

### Manager

Generate Investment Management Limited  
Level 9, Jarden House  
21 Queen Street  
Auckland 1010  
0800 855 322

### Supervisor

Public Trust  
Level 16, SAP Tower  
151 Queen Street  
Auckland 1010  
0800 371 471

### Solicitors for the Manager

MinterEllisonRuddWatts  
Level 20, PWC Tower  
15 Customs Street West  
Auckland 1010  
+64 9 353 9700

### Solicitors for the Supervisor

DLA Piper  
Level 5, Chartered Accountants House  
50 - 64 Customhouse Quay  
Wellington 6011  
+64 4 472 6289

### Auditors

Grant Thornton New Zealand Audit Partnership  
Level 15, Grant Thornton House  
215 Lambton Quay  
Wellington 6011  
+64 4 474 8500

Your Adviser Details:



***Generate***<sup>™</sup>  
Together.



**[GenerateKiwiSaver.co.nz](https://GenerateKiwiSaver.co.nz)**