

BNZ KIWISAVER SCHEME

Default Fund



Fund Update

Fund Update for period to 30 June 2022

This Fund Update was first made publicly available on 28 July 2022.

What is the purpose of this update?

This document tells you how the Default Fund (Fund) has performed and what fees were charged. The document will help you to compare the Fund with other funds. BNZ Investment Services Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

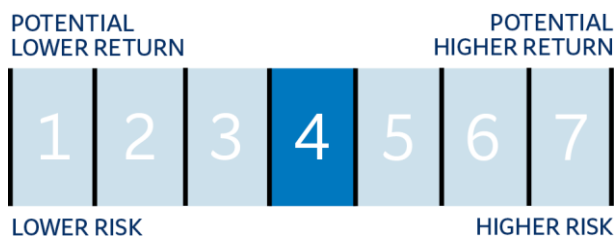
Description of this Fund

The Default Fund invests largely in growth assets, which generally have higher levels of risk with the potential for higher returns. It also has a sizeable allocation to income assets, which generally have lower levels of risk and potential returns. It aims to achieve a medium level of return over the medium to long term.

| | |
|---------------------------------|------------------|
| Total value of the Fund | \$417,701,853.22 |
| Number of investors in the Fund | 57,383 |
| Date the Fund started | 1 December 2021 |

What are the risks of investing?

Risk indicator¹ for the Default 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 (volatility). 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 bnz.co.nz/whatfund

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 30 June 2017 to 30 June 2022. 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 BNZ KiwiSaver Scheme Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

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 deductions for charges and tax) | -9.46% |

An annual return is not available for this Fund as it has not been in existence for more than a 12-month period.

The market index (benchmark) return is a composite based on the benchmark indices for the asset classes that make up the Fund's target investment mix. Additional information about the benchmark indices is available on the offer register (search for BNZ KiwiSaver Scheme) at companiesoffice.govt.nz/disclose

What fees are investors charged?

Investors in the Default Fund are charged Fund charges. Based on the PDS dated 28 September 2021, these are expected to be (excluding GST):

| | % of net asset value |
|--|----------------------|
| Total fund charges | 0.35% |
| <i>Which are made up of:</i> | |
| Total management and administration charges | 0.35% |
| <i>Including:</i> | |
| Manager’s basic fee | 0.35% |
| Other management and administration charges | 0.00% |
| Total performance-based fees | 0.00% |

No GST is currently payable on BNZ KiwiSaver Scheme charges above.

See the BNZ KiwiSaver Scheme PDS for more information about these fees. This can be accessed from the Disclose Register at companiesoffice.govt.nz/disclose

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

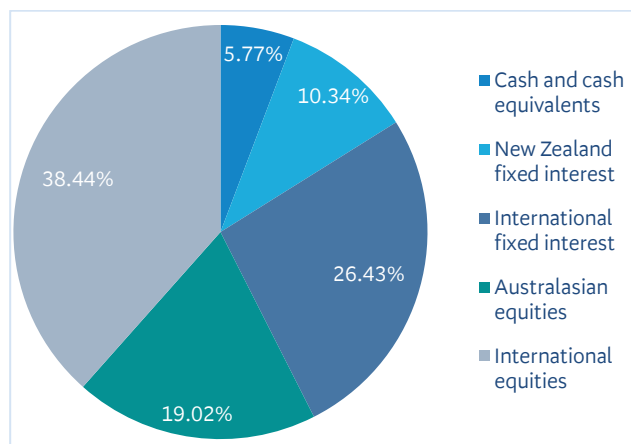
Example of how this applies to an investor²

John had \$10,000 in the Fund at the start of the year and did not make any further contributions. At the end of the year John incurred a loss after Fund charges were deducted of \$982.00 (that is -9.82% of his initial \$10,000). John also paid \$0.00 in other charges. This gives John a total loss of \$982.00 for the year.

What does the Fund invest in?

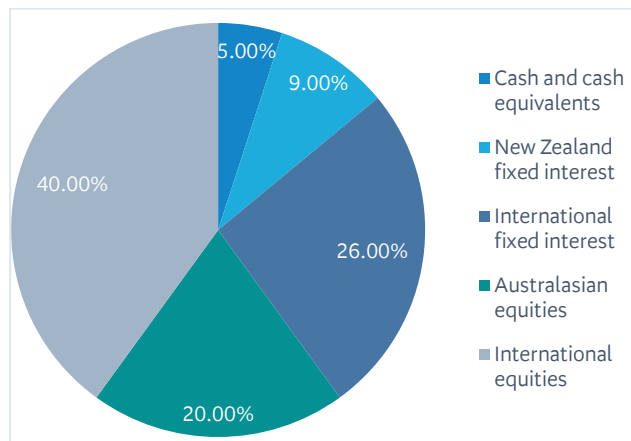
This shows the types of assets the Fund invests in.

Actual investment mix^{3,4}



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

Target investment mix



Currency hedging

Currency hedging may be used to mitigate the impact of currency movements on investments in foreign securities. As at the date of this Fund Update, the Manager applies the following currency hedging ratios:

- 100% of the Fund’s international fixed interest exposure
- 60% of Fund’s international equities exposure
- 100% of the Fund’s Australian equities exposure within the Australasian equities asset class

The Statement of Investment Policy and Objectives (SIPO) sets out the policy for our currency hedging strategy in Section 5 and is available on the Scheme’s Disclose Register entry at companiesoffice.govt.nz/disclose

Top 10 investments⁵

| | Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|----|------------------------------------|----------------------|------------------------|---------------|-------------------------------|
| 1 | Fisher & Paykel Healthcare Ltd | 2.00% | Australasian equities | New Zealand | |
| 2 | Apple Inc | 1.59% | International equities | United States | |
| 3 | Spark New Zealand Ltd | 1.56% | Australasian equities | New Zealand | |
| 4 | Auckland International Airport Ltd | 1.51% | Australasian equities | New Zealand | |
| 5 | Microsoft Corporation | 1.46% | International equities | United States | |
| 6 | Ebos Group Ltd | 1.06% | Australasian equities | Australia | |
| 7 | Mainfreight Ltd | 1.04% | Australasian equities | New Zealand | |
| 8 | Contact Energy Ltd | 0.99% | Australasian equities | New Zealand | |
| 9 | Meridian Energy Ltd | 0.99% | Australasian equities | New Zealand | |
| 10 | Infratil Ltd | 0.97% | Australasian equities | New Zealand | |

The top 10 investments make up 13.17% of the net asset value of the Fund.

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 position |
|------------------|---|--------------------------|--|---------------------------|
| Peter Forster | Chair, BNZ Investment Review Committee | 2 years, 6 months | General Manager Wealth, BNZ (current position) | 3 years, 10 months |
| Richard Ansell | Member, BNZ Investment Review Committee | 2 years, 6 months | Director, BNZ Investment Services Limited (current position) | 3 years, 4 months |
| Jason Wong | Member, BNZ Investment Review Committee | 1 year, 6 months | Senior Markets Strategist, BNZ (current position) | 6 years, 6 months |
| Hayden Griffiths | Member, BNZ Investment Review Committee | 1 year, 6 months | Executive Director and Head of Asset Allocation, JBWere (current position) | 13 years, 0 months |
| Louis Nel | Member, BNZ Investment Review Committee | 0 years, 3 months | Head of Investment Solutions Wealth, BNZ (current position) | 11 years, 5 months |

Further information

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

Contact details

If you have any questions about this Fund, call us on 0800 269 5494 or visit our website at bnz.co.nz/kiwisaver

Notes

1. As the Fund has been operating for less than five years, we have used a mix of actual and market index returns for the five-year period to 30 June 2022 to calculate its risk indicator. This means it may provide a less reliable indicator of the potential future volatility of the Fund. The inception date for the Default Fund was 1 December 2021. The Default Fund's risk indicator is based on market index returns from 1 July 2017 to 31 December 2021 and actual returns from 1 January 2022 to 30 June 2022.
2. As the fund started on 1 December 2021, it has not been in existence for a full scheme year. This example is based on the market index return for the period.
3. The calculation of cash and cash equivalents within the actual investment mix allocation may include investor flows not yet unitised, liquidity cash and fund accruals but excludes cash and cash equivalents held by our investment managers for operational and hedging purposes which are categorised within the asset class to which they apply.
4. Australasian equities and international equities may include an allocation to listed property securities.
5. Investor flows not yet unitised, unsettled trades, currency hedging gains (or losses) and any operating accruals are excluded from the Top 10 investments.