

METHODOLOGY FOR CALCULATING APPROXIMATE TOTAL FEES DISCLOSED IN THE BNZ KIWISAVER SCHEME ANNUAL MEMBER STATEMENTS

It is a legislative requirement to calculate approximate total fees for each member in the BNZ KiwiSaver Scheme (Scheme).

Methodology used to calculate Approximate Total Fees

Pursuant to the Financial Markets Conduct (KiwiSaver Confirmation Information) Methodology Notice 2017, the approximate total fees paid by a member in the Scheme for each financial year ending 31 March, are calculated using the “cents per unit” amount.

Approximate total fees are calculated for each member (A) using the following formula:

$$a = b + c + d - e$$

Where:

a = approximate total sum of fees charged to A

b = the cents per unit amount for A

c = A's individual action fees (as defined by clause 2(1) of Schedule 4 of the Regulations), if any

d = A's other charges (as defined by clause 2(1) of Schedule 4 of the Regulations), if any

e = any credits or discounts provided to A

Currently, there are no individual action fees or other charges for any member in the Scheme. A Member Fee of \$1.95 was deducted from each member's account monthly in arrears. It was charged on any account that had a sufficient unit balance when the fee was deducted. This fee was removed effective 1 May 2019. The Member Fee for the month of April 2018 was an “other charge” for the purposes of this calculation.

Management Fee Methodology

MMC (the fund and investment administration service provider for the Scheme) produces the following cents per unit (CPU) calculations from the daily unit pricing for each Fund in the Scheme.

Management fees are calculated and accrued daily in the BNZ KiwiSaver Scheme funds. The calculations occur within the unit pricing process of each fund and occur on a CPU basis, using the following formula:

$$\text{CPU} = \text{fund charges} / \text{Total Units on Issue}$$

Where (at the valuation point) fund charges are the aggregate of:

- Direct Fees = movement in fees charged directly to the fund at valuation point.
- Internal Underlying Fees = underlying funds MCPUs x underlying fund units held.
- External Underlying Fees = [(underlying fund's TER x market value of underlying fund holding)/365] x days since last valuation point OR (if available) underlying funds CPU x underlying fund units held.

Methodology used to calculate Approximate Total Fees

- Excludes brokerage and synthetic expenses (transactions charges/commissions on derivatives) and direct or related party performance fees.
- Direct Fees includes any fee rebate income of the Fund whether receivable from the manager or underlying managers. Note where management fees have been charged in an underlying fund BNZISL has rebated the impact of this fee back to the relevant BNZ KiwiSaver Scheme fund.
- Includes performance fees from non-related party managers. Note the Scheme does not currently hold any investments that charge performance fees.
- Underlying funds TERs (Total Expense Ratios) should follow the same basis.
- Inclusive of GST (if any).
- Calculated to 10 decimal places.