

Fund Update



for the quarter ended 30 September 2018

Kiwi Wealth Managed Funds - Conservative Fund

This fund update was first made publicly available on 29 October 2018

What is the purpose of this update?

This document tells you how the Kiwi Wealth Managed Funds Conservative Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Kiwi Wealth 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 Conservative Fund is invested up to 20% in shares and other growth assets, with the remainder invested in cash and fixed interest assets. Its objective is to exceed the returns you would receive from investing 85% of your funds in New Zealand fixed interest assets and cash, and 15% in global shares, through active asset allocation and active selection of shares and other growth assets, fixed interest and cash assets.

Total value of the fund	\$1,402,824
The date the fund started	31 July 2018

What are the risks of investing?

Risk indicator for the Conservative Fund: ¹



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 <https://www.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 past 5 years. 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.

How has the fund performed?

	Past year
Annual return <i>(after deductions for charges and tax)</i>	Not applicable
Annual return <i>(after deductions for charges but before tax)</i>	Not applicable
Market index annual return <i>(reflects no deduction for charges and tax)</i>	5.50%

The market index return is the strategic asset allocation weighted benchmark index return, where the benchmark indices are defined in the Statement of Investment Policy and Objectives. Additional information about the market index is available in the Statement of Investment Policy and Objectives which is available on the Disclose register at <https://disclose-register.companiesoffice.govt.nz/>.

What fees are investors charged?

Investors in the Conservative Fund are charged fund charges. Based on the PDS dated 29 May 2018, these are expected to be:

	% of net asset value
Total fund charges	0.74%
<i>Which are made up of -</i>	
Total management and administration charges	0.74%
Including -	
Manager's basic fee	0.70%
Other management and administration charges ²	0.04%
Total performance-based fees	0.00%
	Dollar amount per investor
Other charges	\$0.00

An estimate has been used to calculate the underlying fund fees which are included in 'Other management and administration charges'. Further information on fees can be found in the Kiwi Wealth Managed Funds PDS.

Investors are also charged individual action fees for specific actions or decisions (for example, a buy/sell spread applies to each contribution/withdrawal). See the Kiwi Wealth Managed Funds PDS for more information about those fees.

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

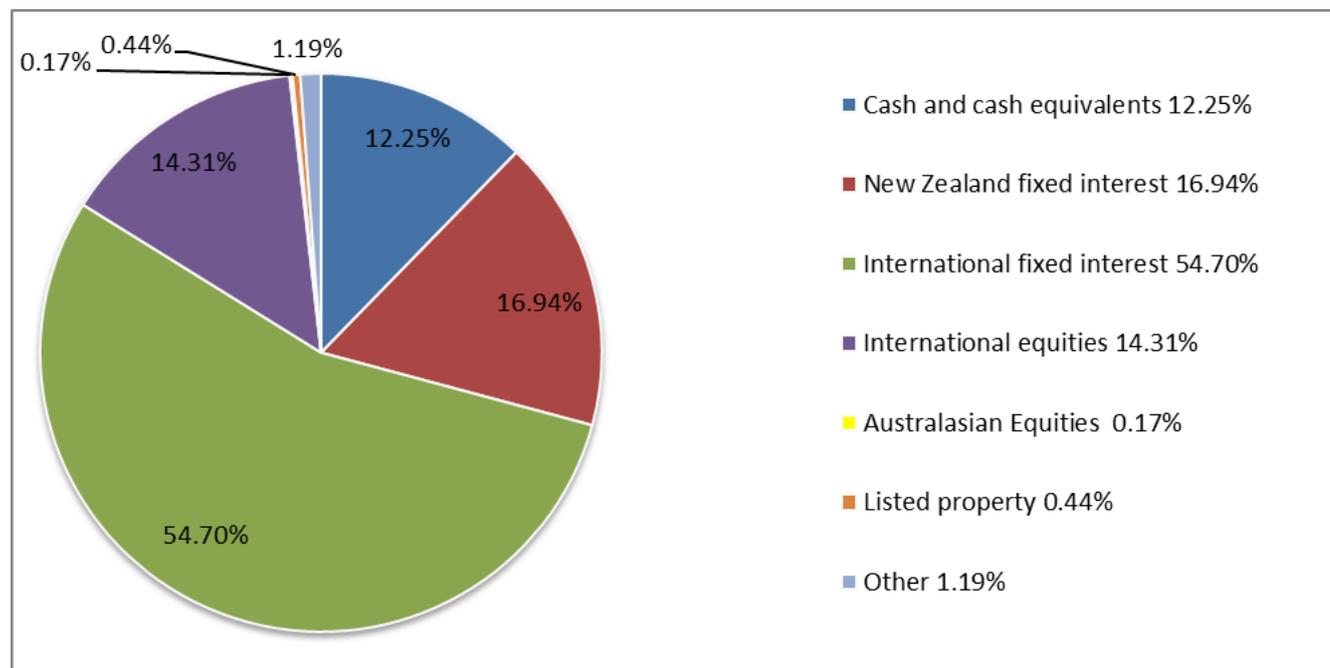
Example of how this applies to an investor

Alice had \$10,000 in the fund at the start of the year³ and did not make any further contributions. At the end of the year³, Alice received a return after fund charges were deducted of \$550 (that is 5.50% of her initial \$10,000). Alice also paid \$0.00 in other charges. This gives Alice a total return of \$550 for the year³.

What does the fund invest in?

This shows the types of assets that the fund invests in.⁴

Actual investment mix



Target investment mix

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

Cash and cash equivalents	7.50%
New Zealand fixed interest	75.00%
International fixed interest	0.00%
Australasian equities	0.00%
International equities	17.50%
Listed property	0.00%
Unlisted property	0.00%
Other	0.00%

Top 10 investments

	Name	Country	Type	Credit rating (if applicable)	Percentage of fund net assets
1	Landwirtschaftliche Rentenbank 23/04/2024	Germany	International fixed interest	AAA	3.75%
2	Westpac NZD Account	New Zealand	Cash or cash equivalents	AA-	2.83%
3	Kreditanstalt fuer Wiederaufbau 07/03/2023	Germany	International fixed interest	AAA	2.44%
4	Kommunalbanken AS 20/08/2025	Norway	International fixed interest	AAA	1.98%
5	PIMCO Global Bond Fund	Ireland	International fixed interest	AA-	1.90%
6	KBN Norway Bond due 14/05/2021	Norway	International fixed interest	AAA	1.86%
7	World Bank (IBRD) 4.625% 06/10/2021	United States	International fixed interest	AAA	1.79%
8	Svenska Handelsbanken AB 10/04/2019	Sweden	International fixed interest	AA	1.64%
9	International Bank for Reconstruction & Development 02/02/2023	United States	International fixed interest	AAA	1.52%
10	International Finance Corp 07/09/2023	United States	International fixed interest	AAA	1.40%

The top 10 investments make up 21.11% of the fund.

Currency hedging

Currency hedging can apply to some of the asset classes this fund invests in. The level of currency hedging for foreign assets is managed between 0% and 100% with a target of 90% and may change over time depending on the Manager's view of the relative strength (or weakness) of the New Zealand dollar. Additional information about the hedging policy can be found in the Statement of Investment Policy and Objectives which is available on the Disclose scheme register at <https://disclose-register.companiesoffice.govt.nz>.

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
Simon O'Grady	Chief Investment Officer - Kiwi Wealth Investments Limited Partnership	5 years and 11 months	Head of Investment Strategy - Suncorp Investment Management	5 years
Susan Easton	Head of Investment Strategy - Kiwi Wealth Investments Limited Partnership	8 years and 9 months	Investment Strategist - Kiwi Wealth Investments Limited Partnership	3 years and 6 months
Diana Gordon	Head of Fixed Interest - Kiwi Wealth Investments Limited Partnership	6 years and 1 month	Senior High Yield Portfolio Manager, - Goldman Sachs Asset Management, New York	10 years and 10 months
Nathan Field	Portfolio Manager, Equities - Kiwi Wealth Investments Limited Partnership	8 years and 4 months	Senior Equity Analyst – ABN Amro, Sydney	4 years and 6 months
Steffan Berridge	Quantitative Strategist - Kiwi Wealth Investments Limited Partnership	5 years	Portfolio Manager - MAN Group PLC	9 years

Further information

You can also obtain this information, the PDS for the Kiwi Wealth Managed Funds and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

Notes

1. Market index returns as well as the fund's actual returns have been used to fill in the risk indicator, as this fund has not yet been in operation for five years. Market index returns have been used from 1 October 2013 to 31 July 2018 and actual returns after that. As a result of those returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
2. An estimate has been used to calculate the underlying fund fees which are included in 'Other management and administration charges'. Underlying fund fees have been estimated using end of month holdings and the total expense ratio (TER) stated in the underlying funds' disclosure statements.
3. As the fund started on 31 July 2018, an annual return for the Fund for the year ended 30 September 2018 is not available. For the purposes of the investor example, the return is the actual return of the market index for the period 1 October 2017 to 30 September 2018 with no deductions for charges and tax.
4. Other is comprised of alternative investments: investments that fall outside the main asset classes and can include absolute return funds and commodity investments.

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The Product Disclosure Statement for the Kiwi Wealth Managed Funds is available on our website at www.kiwiwealth.co.nz or by calling 0800 427 384