

Fund Update

for the quarter ended 31 March 2019



Kiwi Wealth KiwiSaver Scheme - Default Fund

This fund update was first made publicly available on 01 May 2019.

What is the purpose of this update?

This document tells you how the Kiwi Wealth KiwiSaver Scheme Default 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.

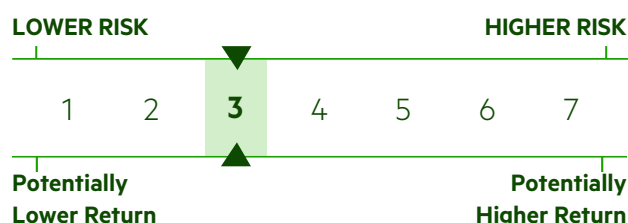
Description of this fund

The Default Fund is intended for short-term investment until you choose the best fund(s) for your circumstances. It holds 15% to 25% in shares and other growth assets at all times, with the remainder invested in a combination of cash and fixed interest assets. Its objective is to deliver a benchmark return similar to being invested in a fund of 50% in New Zealand cash, 30% in New Zealand fixed interest assets and 20% in shares and other growth assets.

Total value of the fund	\$207,082,319
Number of members in the fund	29,904
The date the fund started	1 July 2014

What are the risks of investing?

Risk indicator for the Default 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 <http://www.kiwiwealth.co.nz/kiwisaver/risk-profile>.

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.

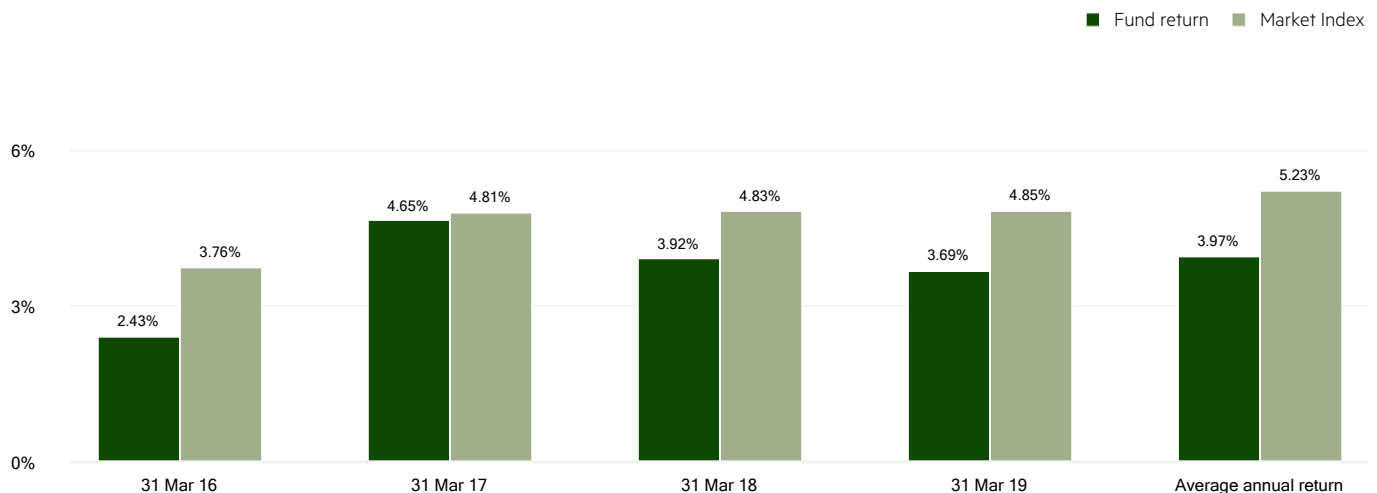
See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Past year
Annual return <i>(after deductions for charges and tax)</i>	3.69%
Annual return <i>(after deductions for charges but before tax)</i>	4.91%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	4.85%

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 on the Disclose offer register at <https://disclose-register.companiesoffice.govt.nz/>.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 March 2019.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

Note that market indices reflect no deduction for charges and tax.

What fees are investors charged?

Investors in the Default Fund are charged fund charges. In the year to 31 March 2019 these were:

	% of net asset value
Total fund charges	0.78%
Which are made up of -	
Total management and administration charges	0.78%
Including -	
Manager's basic fee	0.74%
Other management and administration charges ²	0.04%
Total performance-based fees	0.00%
	Dollar amount per investor
Other charges	\$0

An estimate has been used to calculate the underlying fund fees which are included in 'Other management and administration charges'. The fund's actual manager's basic fee is charged at 0.48% per annum. The annual manager's basic fee each member pays is subject to a minimum fee of \$40 per annum. Therefore for members with an account balance of less than \$8,332, the actual manager's basic fee charged as a percentage of the member account balance may be higher than that stated in the Kiwi Wealth KiwiSaver Scheme PDS.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Kiwi Wealth KiwiSaver Scheme PDS for more information about those fees. We do not currently charge any individual action fees.

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

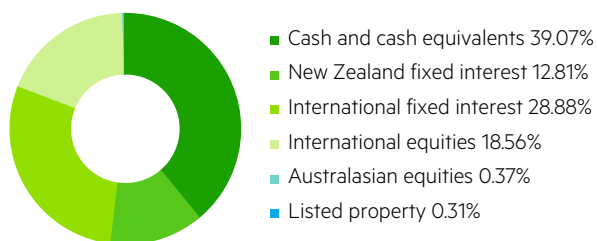
Example of how this applies to an investor

Alice had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Alice received a return after fund charges were deducted of \$369 (that is 3.69% of her initial \$10,000). Alice also paid \$0 in other charges. This gives Alice a total return after tax of \$369 for the year.

What does the Fund invest in?

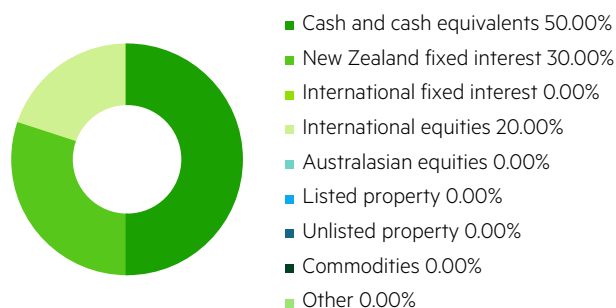
Actual investment mix

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



Target Investment Mix

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



Top 10 investments

	Name	Country	Type	Credit rating (if applicable)	Percentage of fund net assets
1	Westpac NZD Account	New Zealand	Cash and cash equivalents	AA-	3.96%
2	Landwirtschaftliche Rentenbank due 23/04/2024	Germany	International fixed interest	AAA	2.12%
3	Kommunalbanken AS due 20/08/2025	Norway	International fixed interest	AAA	1.86%
4	New Zealand Local Government Funding Agency Bond due 15/04/2027	New Zealand	New Zealand fixed interest	AA+	1.55%
5	Kreditanstalt fuer Wiederaufbau due 07/03/2023	Germany	International fixed interest	AAA	1.48%
6	New Zealand Local Government Funding Agency Bond due 14/04/2033	New Zealand	New Zealand fixed interest	AA+	1.33%
7	International Bank for Reconstruction & Development due 02/02/2023	United States	International fixed interest	AAA	0.92%
8	Westpac Term Deposit due 02/07/2019	New Zealand	Cash and cash equivalents	AA-	0.84%
9	Nordic Investment Bank due 02/09/2025	Finland	International fixed interest	AAA	0.83%
10	ANZ Bank Term Deposit due 13/05/2019	New Zealand	Cash and cash equivalents	AA-	0.83%

The top 10 investments make up 15.72% 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 offer register at <https://disclose-register.companiesoffice.govt.nz/>.

Key personnel

This shows the 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	6 years and 5 months	Head of Investment Strategy - Suncorp Investment Management	5 Years
Susan Easton	Head of Investment Strategy - Kiwi Wealth Investments Limited Partnership	9 years and 3 months	Investment Strategist - Gareth Morgan Investments Limited Partnership	3 years and 6 months
Diana Gordon	Head of Fixed Interest - Kiwi Wealth Investments Limited Partnership	6 years and 7 months	Senior High Yield Portfolio Manager, - Goldman Sachs Asset Management, New York	10 years and 10 months
Greg Hayton	Cash Portfolio Manager & Senior Fixed Income Trader - Kiwi Wealth Investments Limited Partnership	9 years and 5 months	Portfolio Administrator - Gareth Morgan Investments Limited Partnership	1 year and 6 months

Further information

You can also obtain this information, the PDS for the Kiwi Wealth KiwiSaver Scheme 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 April 2014 to 30 June 2014 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' fund updates.

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