

## Other material information – Fees

This document relates to the Kiwi Wealth Super Scheme ('Scheme') and should be read in conjunction with the Scheme's Product Disclosure Statement.

In this document, Kiwi Wealth Investments Limited Partnership ('we', 'our', or 'us') provides a general overview of how fees and expenses are charged to investors in the Scheme. Fees are also covered in the Scheme's Product Disclosure Statement.

The information in this document could change in the future. Please check the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for any updates.

### Contents

Annual fund charges	1
Annual management fee	2
How we estimate fees and charges	2
Can the annual management fees change?	3
Other fees	4
Transaction offset levy	4
Additional costs, charges and expenses	4
GST	5

### Annual fund charges

The total estimated annual fund charges for the Scheme are as follows:

Investment Fund	Annual management fee (Estimate) <sup>*^</sup>	Other fees (Estimate) <sup>*</sup>	Total estimated annual fund charges <sup>*^</sup> (as a % of your fund(s) balance)
Conservative	1.50%	0.04%	1.54%
Balanced	1.50%	0.10%	1.60%
Growth	1.50%	0.15%	1.65%

\* Subject to the minimum described below. Actual fees will vary based on your account balance and investment direction, as set out below.

^ Different fees may apply if you join a plan established by your employer within the Scheme ('Employer Plan'). Any different fees are set out in any product disclosure statement supplement given to you with the Scheme's Product Disclosure Statement ('Supplement').

We currently don't charge performance based fees, or separate withdrawal, contribution, establishment, switching, or transfer fees. Other charges can be incurred and these are detailed below under the heading "Other charges".

### **Annual management fee**

As a member of the Scheme, you pay an annual management fee that covers regular ongoing costs and expenses of the management and administration of the Scheme which includes supervisor services, custodian services, administration services, investment management services, registry costs, marketing, auditing, legal fees, printing and postage.

This fee is up to 1.5% of your member account balance, subject to a minimum fee of \$120 per year. Fees range from 0.50% to 1.50%.

The annual management fee is calculated and deducted monthly in arrears. The amount of the annual management fee you pay may vary (subject to the applicable minimum fee) depending on your member account balance, your investment direction and the terms of the participation agreement governing your Employer Plan (if any). We show the exact amount of the annual management fee you pay on your monthly reports and on your annual statement. You should note it is possible that your annual management fee could exceed the stated percentage as a result of the minimum fee being applied if your member account balance is low.

If the minimum annual management fee applies to your member account (for example, when your account balance is low), the amount you pay is calculated across the investment fund(s) that you are invested in. A \$120 per year minimum fee applies on a pro-rata basis for the portion of your investment in the Conservative, Balanced and Growth Investment Funds.

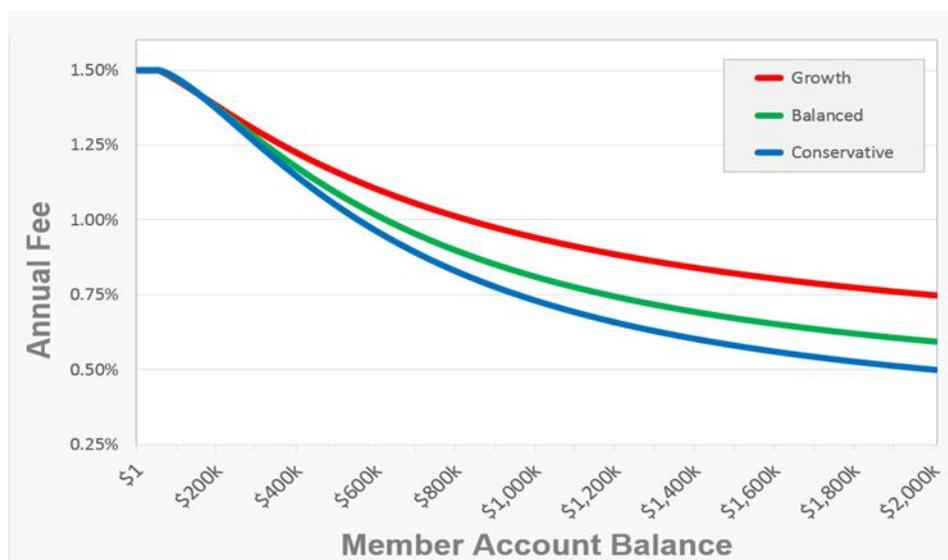
The annual management fee does not cover trading expenses (these are the actual costs incurred in the buying and selling of assets in a fund, such as brokerage), and any fees charged by funds or unit trusts we invest in, or any additional costs reasonably incurred by the Scheme or Public Trust (as the supervisor of the Scheme) or custodian that are not related to the regular and ongoing costs listed above.

We collect the annual management fee, and pay Public Trust up to 0.05% of your member account balance, which is deducted as part of the annual management fee. The balance of the annual management fee will be retained by us.

### **How we estimate fees and charges**

#### *Annual management fee*

The annual management fee you pay will vary depending on your account balance and the proportion of your account balance invested in the relevant fund at the end of each month. The following graph shows in general terms how this operates.



As a result, an estimate has been used to calculate the annual management fee (shown on page 1). The calculation reflects the annual management fee charged to a member with \$10,000 in the relevant fund over the 12 months to 31 December 2017 and assumes that investors are not subject to the minimum annual management fee described in the 'annual management fee' section.

You can calculate your estimated annual management fees at [www.kiwiwealth.co.nz/superannuation/our-scheme/fees](http://www.kiwiwealth.co.nz/superannuation/our-scheme/fees).

If you are an employee of a Participating Employer, different fees may apply. These fees will be set out in the Supplement accompanying the Product Disclosure Statement for the Scheme and available from your employer.

#### *Other fees*

An estimate has been used to calculate the underlying fund fees which are included in 'Other fees'. It is intended we invest the Scheme's assets in investment funds within a managed investment scheme offered by Kiwi Investment Management Limited ('Kiwi Wealth Funds'). The expected underlying fees of the Kiwi Wealth Funds have been calculated and applied to the Scheme's investment funds in proportion to how much each is intended to be invested in each Kiwi Wealth Fund. The underlying fund fees of the Kiwi Wealth Funds have been estimated using end of month holdings for a period of 12 months and the total expense ratio stated in the Kiwi Wealth Funds' underlying funds' disclosure statements.

#### *Participating Employers*

Estimates have also been used for the purposes of calculating the annual management fee and other fees for the purposes of the Supplements for Employer Plans. Those estimates have been made on the same basis, and relying on the same assumptions, as outlined above, other than the fact that the average annual management fee used was for the particular Employer Plan (which may differ to that used for the Product Disclosure Statement figures).

#### **Can the annual management fees change?**

Under some circumstances the annual management fee could change. We would need Public Trust's agreement, and any changes would have to be permitted by the trust deed for the Scheme ('Trust

Deed'). The portion of the annual management fee paid to Public Trust may also change, subject to the maximum stated.

We may charge any member, or group of members, fees at a lower rate or amount than is shown in this document or the Scheme's Product Disclosure Statement, or waive or rebate such fees to such members.

Other than as stated above, we and Public Trust have no ability to increase the annual management fee without obtaining the consent of all affected members.

### **Other fees**

The annual fund charges also include an estimate of fees charged by underlying funds that a fund invests in (including funds operated by our related parties). However, where we invest in the Kiwi Wealth Funds, you will not be charged any additional fees in respect of that investment.

These other fees are variable and will change from time to time.

### **Transaction offset levy**

The transaction offset levy ('TOL') looks to ensure the transaction costs associated with cash flows into or out of an investment fund are paid for by the members involved in the cash flow and other existing members' investment is not diluted. The costs of investing net cash in-flows are approximated (following a process agreed with Public Trust) and the relevant amounts are charged to the contributing members and retained in the investment fund for the benefit of all existing members. The costs of rebalancing an investment fund to account for net cash out-flows are approximated (following an agreed process) and the relevant amounts are deducted from the amount payable to the members who are withdrawing funds and retained in the investment fund for the benefit of all remaining members. The TOL is not paid to us and we do not receive any benefit from it.

### **Additional costs, charges and expenses**

Both we and Public Trust are entitled to be reimbursed, in addition to the fee stated above, for all other costs, charges and expenses properly incurred in connection with or in relation to the Scheme where the following apply:

- both we and Public Trust must consult and agree before such costs, charges or expenses are incurred; and
- a prudent professional supervisor or manager (as appropriate) would consider it reasonable to incur such costs, charges and expenses in order to comply with its obligations and duties under the Trust Deed and at law.

We may authorise the payment, reimbursement or deduction of costs, charges and expenses as described above from either the Scheme's assets or directly from a member's account. If these costs, charges or expenses relate to two or more members then they will be shared equitably between those members. We may sell some of your investments to pay these costs, charges or expenses (including any tax charges).

Since inception, we have never charged any additional costs to the Scheme. However, we retain the right to do so.

## **GST**

All fees are stated on a GST exclusive basis. Under current law some fees are wholly or partially exempt from GST. For instance, there is no GST payable on the annual management fee. If GST is payable on any fee then the GST is payable in addition to the fee stated. We have agreed with Public Trust that, until further notice, we will pay any GST on your behalf from the annual management fee, and not charge it as an additional cost to you.