

## Other Material Information – Fees

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

In this document Kiwi Wealth Limited ('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 <http://www.disclose-register.companiesoffice.govt.nz> for any updates.

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### Annual fund charges

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

Investment Fund	Annual Management Fee*(estimate)	Other Fees (estimate)	Total estimated annual fund charges* (as a % of your fund(s) balance)
Cash	0.45%	0.00%	0.45%
Default	0.48%	0.04%	0.52%
Conservative	0.83%	0.03%	0.86%
Balanced	0.95%	0.09%	1.04%
Growth	1.00%	0.15%	1.15%

\* Subject to the minimum described below.

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

## **Annual management fee**

As a member of the Scheme, you pay an annual management fee that covers the 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, and transaction fees paid to NZ Post for processing applications.

This fee ranges from 0.45% up to 1% per year of your member account balance depending on the investment fund(s) in which you are invested, subject to a minimum fee of \$40 per year. The fee for each investment fund is set out in the table on page 1.

We calculate and deduct the annual management fee on a pro-rata basis from your member account weekly in arrears. The amount of the annual management fee you pay may vary (subject to the minimum fee) depending on the investment funds you are invested in and your member account balance. 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 \$40 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.

The annual management fee does not cover trading expenses (these are the actual costs incurred in the buying and selling of assets in an investment 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 the Supervisor or custodian that are not related to the regular and ongoing costs listed above.

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

Under some circumstances the annual management fee could change. We would need the Supervisor's agreement, and any changes would have to be permitted by the Scheme's Trust Deed, Instrument of Appointment and the KiwiSaver Act. We must inform members of any increase to the annual management fee in advance, and in writing.

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

We may also, with the Supervisor's consent and subject to the Trust Deed and the KiwiSaver Act, change the fee structure for any investment fund (including, without limitation, adding, changing or removing any member account balance thresholds at which you may become eligible to pay a lower fee). However, the fees for the Default Investment Fund may only be increased by variation of the Instrument of Appointment.

The current 1% fee limit can be increased up to a maximum of 2%, if we and the Supervisor agree that an increase is required to cover additional regular ongoing costs that arise.

Other than stated previously, we and the Supervisor have no ability to increase the annual management fees without the consent of all affected members and, if applicable, the approval of the relevant Government Minister.

## **Other fees**

The annual fund charges also include an estimate of third-party charges relating to any other funds that an investment fund invests in.

## **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 an agreed process) and the relevant amounts are charged to the contributing members and paid to 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 the Supervisor 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 the Supervisor must consult and agree before such costs, charges and 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 Scheme's Trust Deed and at law.

However, the above rights for reimbursement do not apply in relation to the Default Investment Fund, unless approval is received from the relevant Government Minister.

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

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

An estimate has been used to calculate the underlying fund fees 'Other fees (estimate)' above which are included in 'Total estimated annual fund charges (as a % of your fund(s) balance)'. Underlying fund fees have been estimated using end of month holdings and the total expense ratio (TER) stated in the underlying funds' disclosure statements.

An estimate has also been used to calculate the annual management fee. The calculation reflects the standard annual management fee charged and assumes that investors are not subject to the minimum annual management fee described in the 'annual management fee' section.