

Simplicity KiwiSaver Scheme

Default Fund

Fund update

Replacement Fund update dated 24 November 2022

This replaces the Fund update made publicly available on 4 February 2022

The "What fees are investors charged" has been amended to show the correct manager's basic fee

The "Example of how this applies to an investor" has been amended to include the total fund charges



Fund update

Quarter ending 31 December 2021

What is the purpose of this update?

This document tells you how the Simplicity KiwiSaver Default Fund (Default Fund) has performed and what fees were charged. The document will help you to compare the fund with other funds. Simplicity NZ 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

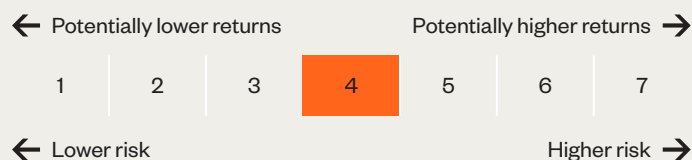
The Default Fund provides investors with an exposure to a mix of growth and income assets. As a result, the return from the Fund is likely to be lower over the longer term (10 years or more) than the Growth Fund, but the value of its investments is likely to fluctuate more than the Conservative Fund.

Total value of the fund	\$ 381,267,189
Number of investors	37,125
The date the fund started	1 December 2021

What are the risks of investing?

Risk indicator for the Default Fund¹:

Risk indicator



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/guides/kiwisaver-which-fund-suits>

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. As the fund has not been in existence for five years, the risk indicator is based on five year information including actual performance figures from 1 December 2021, and market returns data for the period prior to that date. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. 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 (after deductions for charges and tax)	Not applicable
Annual return (after deductions for charges but before tax)	Not applicable
Market index annual return (reflects no deduction for charges and tax)	7.84%

The market index annual return is a composite index, calculated using the return of each asset class index the fund invests in, weighted by the fund's benchmark asset allocation. See the Statement of Investment Policy and Objectives (SIPO) for details of the fund's benchmark asset allocation and the asset class indices.

Additional information about the market index is available on the Disclose Register:

<http://www.business.govt.nz/disclose>

What fees are investors charged?

Investors in the Default Fund are charged fund charges. In the year to 31 March 2022, these are expected to be:

Total fund charges (including GST)	0.30%
Which are made up of	
Total management and administration charges	0.30%
Including:	
Manager's basic fee	0.29%
Other management and administration charges	0.01%
Total performance-based fees	0.00%
Other charges	Dollar amount per investor
Administration Fee	\$0 per year



Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds).

Example of how this applies to an investor

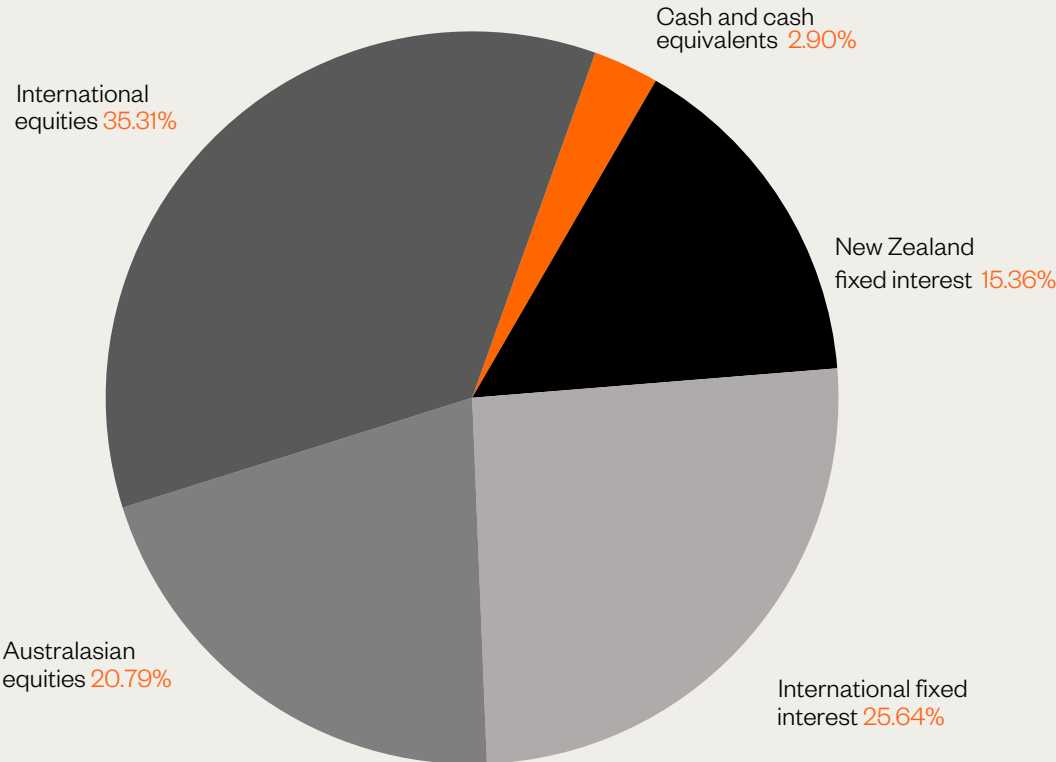
Small differences in fees and charges can have a big impact on your investment over the long term.

Harata 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, Harata received a return after fund charges were deducted of \$754 ² (that is 7.54% of his initial \$10,000). This gives Harata a total return after tax of \$754 for the year.

What does the fund invest in?

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

Actual investment mix



Target investment mix

Cash and cash equivalents	2%	International equities	35%
New Zealand fixed interest	16.5%	Listed property	0%
International fixed interest	25.5%	Unlisted property	0%
Australasian equities	21%	Commodities	0%



Top 10 investments

Asset Name	% of fund net assets	Type	Country	Credit rating
Vanguard Ethically Conscious Global Bond Index Fund	25.64%	International Fixed Interest	AU	N/A
Vanguard Ethically Conscious Int Shares Fund NZD Hedged	23.59%	International Equities	AU	N/A
Vanguard Ethically Conscious Int Shares Fund AUD	11.72%	International Equities	AU	N/A
Vanguard Ethically Conscious Australian Shares Fund	5.97%	Australasian Equities	AU	N/A
Cash on call	3.02%	Cash & Cash Equivalents	NZ	AA+
Fisher & Paykel Healthcare Limited	2.18%	Australasian Equities	AU	N/A
New Zealand govt bond 3% 20 April 2029	1.64%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 0.5% 15 May 2024	1.25%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 1.75% 15 May 2041	1.21%	New Zealand Fixed Interest	NZ	AA+
New Zealand govt bond 1.5% 15 May 2031	1.19%	New Zealand Fixed Interest	NZ	AA+

The top ten investments make up 77.41% of the fund. The fund's exposure to assets denominated in foreign currencies was 66.92%, of which 79.24% was hedged. This means the fund's unhedged foreign currency exposure was 13.89% of the net asset value of the fund.³

Key personnel

Name	Current position	Term	Previous position	Term
Sam Stubbs	Managing Director, Simplicity	5 years and 9 months	Chief Executive Officer, TOWER Investments	5 years and 1 month
Joy Marslin	Director, Simplicity	5 years and 1 month	Head of Private Wealth Management, Westpac NZ	3 years and 7 months
Reuben Halper (role change)	Director, Simplicity	4 years and 7 months	Agency Lead, Google NZ (current position)	6 years and 3 months
Andrew Lance	Chief Operating Officer, Simplicity	5 years and 6 months	Consultant, AMP Financial Services	1 year
Matthew Houtman	Head of Private Capital, Simplicity	1 year and 1 month	Co-Managing Director, Pioneer Capital Management	16 years

Further information

You can also obtain this information, the PDS for the Simplicity KiwiSaver Scheme and some additional information from the offer register at <http://www.business.govt.nz/disclose>

Notes

1. As the fund started on 1 December 2021, actual returns for the fund are not available. To calculate the risk indicator for the five-year period ending 31 December 2021, market index returns have been used up to 30 November 2021 with actual fund returns used for the balance of the period. As a result of those market returns, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
2. As the fund started on the date noted above, this calculation is based on the market index return for the period.
3. Our hedging policy is set using the average of the 12 main providers that we monitor, resulting in our international fixed interest and equity investments being 100% and 65% hedged into New Zealand dollars respectively. The hedging policy for equities is monitored quarterly and adjusted from time to time to follow the average within a range 50% - 70%.