

NZ Funds KiwiSaver Scheme

- Annual Member Statement fees methodology

JUNE 2017

This document explains how we calculate the approximate total fees paid by a member in the NZ Funds KiwiSaver Scheme (Scheme) Annual Member Statement for the year ended 31 March 2017. It also includes a description of the information and assumptions used to estimate certain underlying fund charges which form part of the total fees.

Total fees calculation methodology

The approximate total fees, expressed as a dollar amount, paid by a member (A) for the year ended 31 March 2017 (accounting period) in the Annual Member Statement, is calculated using the following formula:

$$a = b + c + d - e$$

where:

- a** is the approximate total sum of the fees paid by A for the accounting period
- b** is the 'total annual fund charge amount' (defined below)
- c** is A's individual action fees, if any (i.e. fees charged on an individual basis for investor specific decisions or actions)
- d** is A's other charges (being the administration fee of \$3.00 per month (\$36 per annum) charged by the Administration Manager of the Scheme)
- e** is any credits or discounts provided to A in respect of the fees for the accounting period.

The total annual fund charge amount is the total of the amounts calculated using the formula below for each fund (Strategy) in the Scheme in which A is invested during the accounting period:

$$f \times g$$

where:

- f** in relation to a fund, means A's average balance for the accounting period, being the average calculated from A's daily balance
- g** means fund charges, as a percentage of average net asset value of the fund, for the accounting period.

Estimates of certain underlying fund charges

The total fees in the Annual Member Statement include costs incurred by the underlying funds that the Strategies invested into. Estimates were used when deriving annual management fees, performance fees and operating costs incurred by certain underlying funds. These underlying funds and the information and assumptions used to make the estimates are set out below.

Underlying fund	Information and assumptions used to make estimate
True Partner Fund	The fee and operating cost amount obtained from the manager of the True Partner Fund was for the year to 31 December 2016. Performance fee amounts are estimated using the same criteria used by the manager of the True Partner Fund.
Paulson International Fund	The fee and operating cost amount obtained from the administrator of the Paulson International Fund was for the period to 30 November 2016.
Impala Resource Fund	Fee and operating cost amounts are estimated using fee targets provided by the manager of the Impala Resource Fund.
Kuvari Focus Fund	Fee and operating cost amounts are estimated using fee targets provided by the manager of the Kuvari Focus Fund.
Suvretta Offshore Fund	The fee and operating cost amount obtained from the audited financial statements of the Suvretta Offshore Fund was for the year to 31 December 2016. Performance fee amounts are estimated using the same criteria used by the manager of the Suvretta Offshore Fund.