

What fees are investors charged?

Investors in the LifeCycle - age 75 are charged fund charges. In the year to 31 March 2021 these were:

	% of net asset value
Total fund charges	7.33%

Which are made up of:

Total management and administration charges 2.51%

Including:

Manager's basic fee 1.08%

Other management and administration charges* 1.43%
(estimate)⁴

Total performance-based fees 4.82%⁵

*Note: Included within 'Other management and administration charges' are performance-based fees charged by external managers of underlying funds that the fund invested into which totalled 0.70%. Performance-based fees are subject to market movements and manager performance and the amount of these fees for any given period may materially differ from those disclosed for the year to 31 March 2021. For the 12 months to 30 June 2021, external manager performance fees were 0.54% and NZ Funds' performance fee was 4.10%. As a result, total fund charges for that period totalled 6.37%.

See the PDS for more information about the basis on which performance-based fees are charged.

Investors may also be charged individual action fees for specific actions or decisions (for example, if an investor has a financial adviser and has agreed to pay a fee to the adviser for providing financial advice). NZ Funds does not currently charge any establishment, contribution, termination, withdrawal or switch fees. See the PDS for the NZ Funds Managed Superannuation Service for more information about fees.

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

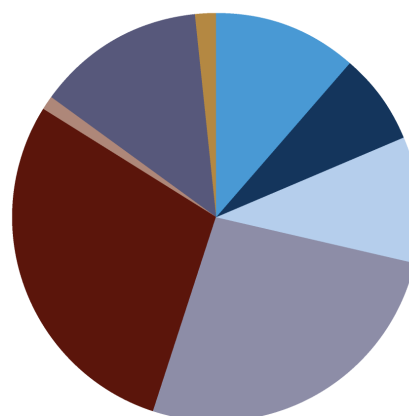
Example of how this applies to an investor

Liam had \$10,000 in the investment option at the start of the year and did not make any further contributions. At the end of the year, Liam received a return after fund charges were deducted of \$2,584 (that's 25.84% of his initial \$10,000). Liam did not pay any other charges. This gives Liam a total return after tax of \$2,584 for the year.

What does the investment option invest in?

This shows the types of assets that the investment option invests in.

Actual investment mix⁶



Cash and cash equivalents	11.42%
New Zealand fixed interest	7.28%
International fixed interest	10.16%
Australasian equities	26.36%
International equities	28.81%
Listed property	1.17%
Commodities	13.22%
Other*	1.58%

Target investment mix⁷

Cash and cash equivalents	6%
New Zealand fixed interest	20%
International fixed interest	21%
Australasian equities	18%
International equities	33%
Listed property	2%
Unlisted property	0%
Commodities	0%
Other	0%

*'Other' includes cryptocurrencies (which comprises actual cryptocurrencies and cryptocurrency futures) and alternative securities (investment in total return and/or downside-orientated hedge funds)

What does the investment option invest in? (continued)

Top 10 investments

	Name	Percentage of investment option net assets	Type	Country	Credit Rating
1	Westpac current account	15.36%	Cash and cash equivalents	New Zealand	A-1+
2	Goldmans Sachs OTC collateral NZD margin account	5.83%	Cash and cash equivalents	United Kingdom	A-1
3	Goldman Sachs USD margin account	5.45%	Cash and cash equivalents	United Kingdom	A-1
4	Goldman Sachs NZD margin account	5.23%	Cash and cash equivalents	United Kingdom	A-1
5	Citibank New Zealand NZD current account	4.17%	Cash and cash equivalents	United States of America	A-1
6	Citibank Hong Kong USD current account	3.94%	Cash and cash equivalents	United States of America	A-1
7	Goldman Sachs AUD margin account	3.81%	Cash and cash equivalents	United Kingdom	A-1
8	Citibank Australia AUD current account	3.64%	Cash and cash equivalents	United States of America	A-1
9	Summerset Group Holdings Ltd	2.75%	Australasian equities	New Zealand	
10	Infratil	2.12%	Australasian equities	New Zealand	

The top 10 investments make up 52.30% of the investment option.⁸

NZ Funds actively manages the foreign currency exposure of the investment option. Where the investment option holds assets denominated in a foreign currency, NZ Funds has the choice of whether to hedge back to the NZ dollar or retain a foreign currency exposure. The investment option may also take active foreign currency positions by holding non-NZD cash and/or foreign currency derivatives. As at 30 June 2021, the investment option's foreign currency exposure was 29.90%.

Key personnel

This shows the directors and employees who have the most impact on the investment decisions of the investment option.

Name	Current position	Time in current position	Previous or other position	Time in previous or other position
Michael Lang	Chief Executive and a Director	2 years 9 months	Chief Investment Officer, New Zealand Funds Management Limited	10 years 1 month
James Grigor	Chief Investment Officer and a Principal	2 years 7 months	Senior Portfolio Manager, New Zealand Funds Management Limited	1 year 7 months
Mark Brooks	Head of Income and a Principal	13 years 7 months	Senior Portfolio Manager, Credaris	3 years 4 months
Andrew Curtayne	Senior Portfolio Manager	1 year 2 months	Senior Analyst, Melqart Asset Management	3 years 8 months
David Haslam	Senior Dealer	4 years 6 months	Equities Trader, UBS NZ	0 years 11 months

Notes

1. The total value and number of investors in the NZ Funds Managed Superannuation Service LifeCycle overall is \$53,489,338 and 375 respectively. As at 30 June 2021, there were no investors in the LifeCycle - age 75 investment option.
2. As the investment option started on 25 January 2017, actual returns for the last 5 years are not available. To calculate the risk indicator, a combination of actual returns and market index returns have been used. Market index returns were used for the period prior to 25 January 2017. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
3. The bar graph shows investment option returns after the deduction of fees and tax; however, the market index returns are shown before any fees or tax are deducted.
4. Other management and administration charges comprise:
 - (a) operating costs directly incurred by the investment option; and
 - (b) annual management fees, performance-based fees and operating costs incurred by underlying funds the investment option invests into.
 Estimates were used when deriving annual management fees, performance-based fees and operating costs incurred by the following underlying funds the fund invested into.

Fund	Information and assumptions used to make estimates
Suvretta Offshore Fund	The fee and operating cost amount obtained from the manager of the fund was for the year to 31 December 2020. Performance fee amounts are estimated using the same criteria used by the administrator of the fund.
Emerson Point Capital Partners LP	The fee and operating cost amount obtained from the manager of the fund was for the year to 31 December 2020 and an annualized amount for the period from January 2021 to February 2021. Performance fee amounts are estimated using the same criteria used by the administrator of the fund.
Galaxy Institutional Bitcoin Fund	The fee and operating cost amount obtained from the manager of the fund was for the year to 31 December 2020.
Galaxy Institutional Ethereum Fund	The fee and operating cost amount obtained from the manager of the fund was for the year to 31 December 2020.

5. Total performance based fees are paid with respect to certain related underlying funds managed by NZ Funds and are payable where performance of the underlying funds exceeds the hurdle rate. Details of the underlying funds to which a performance fee applies can be found in the PDS, along with details of the hurdle rate and the percentage amount of the performance fee applying to each underlying fund.
6. NZ Funds uses derivatives as part of its active management approach. The use of derivatives can result in the total economic exposure of the fund exceeding 100% which means the fund is leveraged. Where economic exposure exceeds 100%, the actual investment mix pie graph has been scaled to 100%.

Without scaling, the total economic exposure of the fund, as shown in the actual investment mix would be 135.25%, made up as follows: Cash and cash equivalents 15.44%; New Zealand fixed interest 9.85%; International fixed interest 13.74%; Australasian equities 35.65%; International equities 38.97%; Listed property 1.58%; Commodities 17.88% and Other 2.14%.

For more information on economic exposure, see the Other Material Information document.

7. Targets indicate what are expected to apply over the course of an economic cycle and should be considered as general guidance only. NZ Funds is an active manager and may use investment strategies that differ materially from the targets.
8. The top 10 investments have been compiled using a balance sheet approach. This differs from the approach used in compiling the actual and target investment mixes, which include the impact of derivatives.

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