

Fund Update for the Generate Unit Trust Scheme: Focused Growth Trust

31 December 2020

This fund update was first made publicly available on 12 February 2021.

What is the purpose of this update?

This document tells you how the Focused Growth Trust has performed and what fees were charged. The document will help you to compare the fund with other funds. Generate Investment Management Ltd 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 objective of the Focused Growth Trust is to provide a growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property (including aged care) and infrastructure assets¹, Australasian equities and international equities². The fund has a medium to high level of volatility.

| | Focused Growth Fund |
|---------------------------|---------------------|
| Total value of the fund | \$11,087,556 |
| The date the fund started | 01 November 2019 |

What are the risks of investing?

Risk indicator for the Focused Growth Trust:



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://sorted.org.nz/tools/investor-kickstarter>. 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. The risk indicator is based on the returns data for the last five years.³ 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) | 7.93% |
| Annual return (after deductions for charges but before tax) | 8.63% |
| Market index annual return (reflects no deduction for charges and tax) | 10.91% |

The market index return reflects a composite of benchmark index returns, weighted for the fund's target asset allocation, being the fund's relevant benchmark since inception. All of the share market benchmark indices used include dividends but do not include imputation credits.

Additional information about the market index is available in the SIPO on the register at business.govt.nz/disclose.

What fees are investors charged?

Investors in the Focused Growth Trust are charged fund charges. Based on the PDS dated 20 November 2020, these are expected to be:

| | % of net asset value |
|--|----------------------|
| Total fund charges | 1.59% |
| Which are made up of: | |
| Total management and administration charges including: | |
| Manager's basic fee | 1.10% |
| Other management and administration charges ⁴ | 0.49% |
| Total performance based fees | 0.00% |

A portion of the 'other management and administration charges' relate to management, performance and administration charges from investments in underlying funds. These calculations are based on estimates.

Investors are not currently charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about fees.

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

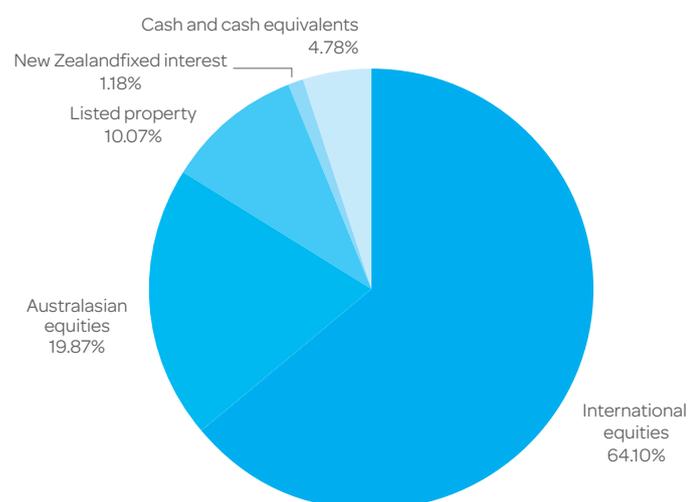
Example of how this applies to an investor

Hannah had \$10,000 in the Trust at the start of the year and did not make any further contributions. At the end of the year, Hannah received a return after fund charges were deducted of \$793 (that is 7.93% of her initial \$10,000).

What does the fund invest in?

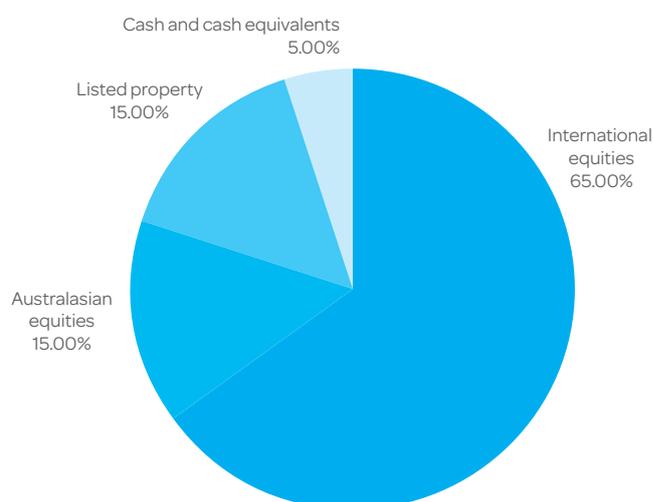
This shows the types of assets that the fund invests in. ^{1,2,5,6,7}

Actual investment mix



Target investment mix

This shows the mix of assets that the fund generally intends to invest in.



Top 10 investments

| Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|---------------------------------------|-------------------------------|------------------------|----------------|-------------------------------|
| Berkshire Hathaway | 9.63% | International equities | U.S.A. | |
| T Rowe Price Global Equity Fund | 9.42% | Diversified fund | Australia | |
| Magellan Global Fund | 6.39% | Diversified fund | Australia | |
| Worldwide Healthcare Trust | 5.56% | Diversified fund | United Kingdom | |
| Infratil | 5.42% | Australasian equities | New Zealand | |
| Platinum International Fund - A Class | 4.77% | Diversified fund | Australia | |
| Ping An Insurance Group | 3.74% | International equities | China | |
| Alibaba Group Holdings | 3.73% | International equities | China | |
| Novartis | 3.44% | International equities | Europe | |
| Alphabet | 3.34% | International equities | U.S.A. | |

The top 10 investments make up 55.44% of the fund.

The fund's net foreign currency exposure was 37% of net asset value on the 31 December 2020. At target the fund's net foreign currency exposure is 33% of net asset value. More details on the approach to currency hedging is available in the SIPO on the register at business.govt.nz/disclose.

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund.

| Name | Current position | Time in current position | Previous or other position | Time in previous or other position |
|---------------|--|--------------------------|---|------------------------------------|
| Sam Goldwater | Portfolio Manager/Investment Committee Member/Executive Director | 7 years and 9 months | Led the investment management of a sizeable portfolio of family assets (previous) | 7 years and 5 months |
| Henry Tongue | Chief Executive Officer/Investment Committee Member/Director | 7 years and 9 months | Senior Portfolio Manager - Hultich Wealth Management (previous) | 4 years and 3 months |
| Peter Brook | Investment Committee Chair/Director | 7 years and 9 months | Board Member of Trust Investments Management (current) | 16 years and 7 months |
| Nick Bowden | Investment Committee Member | 4 years and 4 months | Director of family investment office (current) | 1 year and 9 months |

Further information

You can also obtain this information, the PDS for the Generate Unit Trust Scheme, and some additional information from the offer register at business.govt.nz/disclose.

Notes

1. The Manager takes a broad view of what constitutes infrastructure assets. See the SIPO for further information.
2. International equities are predominantly investments in underlying funds. They also include an investment in Berkshire Hathaway Inc. and investments in other large capitalisation international stocks.
3. As the fund has not been in existence for 5 years a combination of market index returns and the fund's actual returns have been used to complete the risk indicator. Actual returns have been used from 1 December 2019 to the end of the period to which this fund update relates. For all relevant periods prior to 1 December 2019 market index returns have been used in order to construct a total of 5 years of returns on which to base the risk indicator. As a result of estimated returns partially being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.
4. For some of the underlying funds that the fund invests into estimates were used when deriving annual management fees, performance-based fees and/or operating costs. Where otherwise not available the management fees and operating expenses were calculated by either dividing the management fees and other operating costs from the most recent period by the average NAV for the same period. Where otherwise not available the performance fees were estimated using the same performance criteria as that stated by the administrators of the underlying funds and applied to the performance over the most recent financial year.
5. 'Cash and cash equivalents' includes the value of foreign exchange hedging derivatives related to the fund's off-shore investments.
6. Listed Property includes investments in aged care companies.
7. For any unlisted property and infrastructure investments, the Manager needs approval from the Supervisor prior to investment.