

Generate KiwiSaver Scheme

For an offer of membership in the Generate KiwiSaver Scheme.
This document replaces the Product Disclosure Statement dated 28 February 2022.



Product Disclosure Statement

16 MAY 2022

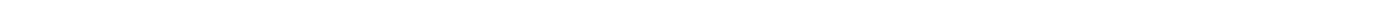
GenerateKiwiSaver.co.nz



This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on business.govt.nz/disclose. Generate Investment Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision. The issuer is Generate Investment Management Limited.

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SECTION 1

Key information summary

What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Generate Investment Management Limited (**Generate, we, us or our**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Generate and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

The Generate KiwiSaver Scheme (the **Scheme**) offers six funds and two life cycle investment options for you to invest in. These investment options are summarised overleaf.

More information about the investment target and strategy for each investment option is provided at section 3 of this Product Disclosure Statement (PDS) "*Description of your investment options*".

See section 4 "*What are the risks of investing?*" for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at generatewealth.co.nz/survey_calculator.

Who manages the Generate KiwiSaver Scheme?

Generate is the manager of the Scheme.

See section 7 "*Who is involved?*" for more information.

How can you get your money out?

KiwiSaver is a special type of investment designed to help you save for retirement, so in most cases you cannot withdraw savings until you reach the New Zealand Superannuation age (currently 65) (**Qualifying Age**).

There are some limited circumstances in which you can withdraw your investment earlier, such as purchasing your first home or permanently emigrating from New Zealand.

Anyone over the age of 65 can easily withdraw their funds at any time. However, if you first joined KiwiSaver before 1 July 2019 and have been a member for less than 5 years, when you make a withdrawal, you will lose eligibility to any future Government or compulsory employer contributions.

Further information is set out at section 2 "*How does this investment work?*".

How will your investment be taxed?

The Scheme is a portfolio investment entity (**PIE**). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (**PIR**). This can be 10.5%, 17.5% or 28%. See section 6 of the PDS "*What taxes will you pay?*" on page 18 for more information.

Where can you find more key information?

We are required to publish quarterly updates for each investment option. The updates show the returns, and the total fees actually charged to investors during the previous year. The latest fund updates are available at generatewealth.co.nz/fund-updates. The manager will also give you copies of those documents on request.

Our KiwiSaver fund options

Defensive

The objective of the Generate KiwiSaver Defensive Fund (**Defensive Fund**) is to provide a stable investment for you over the short-term. This fund is useful if you plan to withdraw your KiwiSaver funds within the next 12 months and need certainty of the amount you intend to withdraw, like for a deposit on a first home. The Defensive Fund invests in fixed income and cash securities.[^] Volatility is likely to be the lowest of the funds.

Asset allocation



Risk Indicator*



Annual fund charges (estimate)

0.79% +\$36 admin fee per year

Conservative

The objective of the Generate KiwiSaver Conservative Fund (**Conservative Fund**) is to provide a conservative investment return through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.[^] Volatility is likely to be higher than the Defensive Fund but lower than the Moderate Fund.

Asset allocation



Risk Indicator*



Annual fund charges (estimate)

1.09% +\$36 admin fee per year

Moderate

The objective of the Generate KiwiSaver Moderate Fund (**Moderate Fund**) is to provide a moderate investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.[^] Volatility is likely to be higher than the Conservative Fund but lower than the Balanced Fund.

Note: This fund was formerly known as Conservative Fund, but was renamed on 16 May 2022.

Asset allocation



Risk Indicator*



Annual fund charges (estimate)

1.14% +\$36 admin fee per year

Balanced

The objective of the Generate KiwiSaver Balanced Fund (**Balanced Fund**) is to provide a balanced investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.[^] Volatility is likely to be higher than the Moderate Fund but lower than the Growth Fund.

Asset allocation



Risk Indicator*



Annual fund charges (estimate)[†]

1.26% +\$36 admin fee per year

Growth

The objective of the Generate KiwiSaver Growth Fund (**Growth Fund**) is to provide a growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.[^] Volatility is likely to be higher than the Balanced Fund but lower than the Focused Growth Fund.

Asset allocation



Risk Indicator



Annual fund charges (estimate)[†]

1.30% +\$36 admin fee per year

Focused Growth

The objective of the Generate KiwiSaver Focused Growth Fund (**Focused Growth Fund**) is to provide a higher growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities.[^] Volatility is likely to be the highest of the Funds.

Asset allocation



Risk Indicator



Annual fund charges (estimate)[†]

1.33% +\$36 admin fee per year

[^] See section 3 for more details.

* Market index returns for the 5 years to 31 March 2022 have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these are new funds), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

[†] Includes estimated performance fees. See section 5 for more details.

Stepping Stones							
Age	Conservative	Moderate	Balanced	Growth	Focused Growth	Risk Indicator*	Annual Fund Charges (Estimate)†
0-35					100%		1.33%
36-45				100%			1.30%
46-55			100%				1.26%
56-60		50%	50%				1.20%
61-64		100%					1.14%
65-75	50%	50%					1.12%
76+	100%						1.09%

You will also pay an administration fee of \$36 a year.

Stepping Stones Growth							
Age	Conservative	Moderate	Balanced	Growth	Focused Growth	Risk Indicator*	Annual Fund Charges (Estimate)†
0-50					100%		1.33%
51-55				100%			1.30%
56-60			100%				1.26%
61-75		100%					1.14%
76+	100%						1.09%

You will also pay an administration fee of \$36 a year.

* Market index returns for the 5 years to 31 March 2022 have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these are new funds), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

† Includes estimated performance fees. See section 5 for more details.

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SECTION 2

How does this investment work?

The purpose of the Generate KiwiSaver Scheme is to help you save for your retirement and provide you with retirement benefits. The Scheme is a registered KiwiSaver scheme under the Financial Markets Conduct Act 2013 (**FMCA**). The Scheme is structured as a unitised trust, governed by a trust deed which appointed Generate as manager and Public Trust as supervisor. For more information on the manager and supervisor and their roles see section 7 *“Who is involved?”*.

You can choose to invest in any of the six different funds in the Scheme, or a combination of them. Each fund has a different mix of asset classes that it invests in (via underlying wholesale funds managed by us), and provides different levels of risk and reward. This means you can choose the fund or funds that suit your risk profile and investment goals. The assets of each fund are not available to be applied to meet the liability of any other fund in the Scheme.

You can also choose either of our life cycle investment options which are called ‘Stepping Stones’ and ‘Stepping Stones Growth’. Both of these options will automatically select your investment in our funds based on your age and will reduce your risk as you get older. The ‘Stepping Stones’ option will do this gradually over time whilst the ‘Stepping Stones Growth’ option will keep you invested in a higher proportion of growth assets for longer. We can change the age ranges and the Fund exposures for our life cycle investment options at any time in accordance with the Statement of Investment Policy and Objectives (**SIPO**). We will notify you of any such change and adjust your contributions and accumulated balance(s) accordingly, if applicable. See section 3 *“Description of your investment options”* for more detail.

The money you invest is used to buy units in the fund or funds that you select. A unit represents a share in the overall value of the fund and has a unit price so that you know what your share of the fund is worth. The value of units in a fund will change as the assets of the fund increase and decrease in value. The difference between the unit price when you contribute to the Scheme and when you withdraw from the Scheme is your investment return.

The funds’ assets are held indirectly via certain wholesale funds managed by us (including those third party underlying funds that the wholesale funds may invest into). As such, references in this PDS to the assets of a fund or the assets that a fund or the Scheme invests into, are references to those assets as invested via those wholesale funds. The wholesale fund investment structure provides operational and administrative efficiencies.

KiwiSaver schemes have significant restrictions on when and how your savings can be withdrawn. See *“Withdrawing your investments”* overleaf for more detail.

The key benefits of investing in the Scheme are:

-
- New Zealand owned and operated specialist investment manager for the Scheme.
-
- Actively managed investments.
-
- The money you invest in a fund is pooled with other investors’ money, giving you access to investments that you may not be able to access as an individual.
-

Responsible investment, including environmental, social, and governance considerations is taken into account in the investment policies and procedures of the Scheme as at the date of this PDS. You can obtain an explanation of the extent to which responsible investment is taken into account in those policies and procedures at the issuer’s Internet site at generatewealth.co.nz.

The Scheme is not guaranteed by any person or party, including the return on your investment and initial capital. There is no Crown guarantee for any KiwiSaver scheme or any KiwiSaver fund that you invest in.

Joining the Scheme

Virtually all New Zealanders can join KiwiSaver, as it is open to all ages. As long as you are a permanent resident you will most likely be eligible. Specifically, you can join if you are:

- a New Zealand citizen or entitled to be in New Zealand indefinitely; and
- living (or normally living) in New Zealand.

See section 10, “*How to apply*” for more information and an application form.

If you do not choose a fund or make an active investment selection your contributions will be invested in the ‘Stepping Stones’ automatic investment option.

Making investments

If you are working and earning a salary or wages, your employer will deduct either 3, 4, 6, 8 or 10% of your gross (before tax) wages.

This contribution rate is selected by you and can be changed by providing a completed KS2 form to your employer. If you don’t select a contribution rate, your rate will be 3%. You do not have to contribute if you are on a savings suspension or you’ve reached the Qualifying Age.

Whether you are working or not, you can make lump sum or regular contributions to the Scheme at any time. Any direct debit payments must be a minimum of \$10 each. There is otherwise no minimum contribution amount.

Your employer will also normally be required to make a 3% contribution to match your contribution amount. Your employer will not be required to make a contribution if:

- you are under 18 years of age;
- you reach the Qualifying Age;
- you are on a savings suspension; or
- they are already making contributions for your benefit to another retirement scheme which meets their employer obligations.

You may also qualify for additional government payments in the form of Government contribution. If you qualify, for every dollar you contribute to the Scheme, up to \$1,042.86, the Government contributes 50c as a Government contribution, up to a maximum amount of \$521.43 per year.

For more details on making contributions, see the ‘Generate KiwiSaver Scheme – Other Material Information’ (OMI) at business.govt.nz/disclose (**Disclose Register**).

Withdrawing your investments

In most cases your investment in a KiwiSaver scheme is locked in until you reach Qualifying Age. Restrictions on withdrawals are set out in the KiwiSaver Act 2006. The withdrawal options are summarised below and in more detail in the OMI.

Reaching Qualifying Age for KiwiSaver

Once you reach the Qualifying Age you can continue to save with the Scheme or you can choose to make a withdrawal at any time. Members who joined before 1 July 2019 are subject to a five year lock-in period, which they can elect to opt out of. However, if they do, they will lose eligibility to any future Government or compulsory employer contributions.

You can make withdrawals in lump sums or via regular withdrawal amounts. Minimum withdrawal amounts do apply. Please see the table below.

WITHDRAWAL TYPE	MINIMUM	AVAILABILITY
Lump sums	\$250	Any time
Regular withdrawal amounts	\$100 (per month)	Weekly, fortnightly or monthly

We may alter the minimum withdrawal thresholds and withdrawal availability in the future.

If you withdraw all your funds, your KiwiSaver account will be closed. We may set a minimum account balance in the future and this would require you to make a full withdrawal if your account balance fell below the minimum amount.

Buying your first home

One of the benefits of KiwiSaver is that you are able to withdraw your funds to help you buy your first home or land. To do this you must:

- have been a member of a KiwiSaver scheme or complying superannuation fund for at least three years;
- be buying a first home in New Zealand including land;
- intend for the property to be your principal place of residence (it cannot be an investment property);
- not have owned a property before or if you have owned a property before, be considered by Káinga Ora to be in the same financial position as a first home buyer. See the Káinga Ora website for more detail kaingaora.govt.nz/; and
- leave a minimum of \$1,000 in your KiwiSaver account and any amount transferred to KiwiSaver from an Australian complying superannuation scheme.

Please ensure you make your first home withdrawal application at least 10 days before your deposit or settlement payment is due. You cannot make a first home withdrawal after you have settled your property purchase.

Serious illness

If you suffer a serious illness you may be able to make an early full withdrawal of your KiwiSaver savings.

If you are suffering from a life-shortening congenital condition (a condition you've had since birth), you may be able to make an early full withdrawal of your KiwiSaver savings.

Significant financial hardship

If you are suffering or likely to suffer from significant financial hardship you may be able to withdraw some of your savings. If you are eligible the Supervisor will determine an amount for you to withdraw which, in its opinion, should alleviate your hardship. The maximum you can withdraw is your current account balance, less any Government Contributions and any \$1,000 kick-start contribution you may have received when you joined KiwiSaver.

Permanent emigration

If you permanently leave New Zealand and emigrate to any country other than Australia you may apply to withdraw the full value of your investment from the Scheme after one year (excluding your Government Contributions which will be repaid to Inland Revenue and any savings transferred from an Australian complying superannuation scheme).

If you permanently emigrate to Australia you are not able to make a cash withdrawal of your investment. However, you can transfer the total value of your investment (including any Government Contributions) to an Australian scheme which elects to accept the transfer.

Transfer to another KiwiSaver scheme

You may transfer the full value of your investment to another KiwiSaver scheme at any time. You are only able to be a member of one KiwiSaver scheme at a time.

If you have previously transferred funds from a UK pension scheme to the Scheme you may be liable for UK tax if you later withdraw funds from the Scheme as part of a permitted withdrawal under the KiwiSaver Act. You should seek tax advice in this case.

Other withdrawals

Withdrawals can also be required by law in some specific circumstances (e.g. if a Court orders the release of funds from your account). For more information on how you can withdraw your funds see the OMI.

If you pass away, all of your investment in the Scheme will be paid to your personal representatives (the executors or administrators of your estate) or other relevant persons under section 65 of the Administration Act 1969.

How to switch between funds

You are able to move your investment between funds and 'Stepping Stones' and 'Stepping Stones Growth' at any time. However, you are only able to be invested in one of the Stepping Stones options and not across both. Any switches will be considered a withdrawal from one Fund and an application for units in another Fund. All the conditions and restrictions on applications and withdrawals will therefore apply. You can do this by logging into your account at generatekiwisaver.co.nz or by completing an 'Investment Option Switch Form', available on our website. We suggest you take the time to complete our online fund selection tool at generatewealth.co.nz/survey or speak to one of our Generate KiwiSaver Scheme Advisers before switching your fund.

Suspension of withdrawals

In certain special circumstances we may suspend or delay the payment of your withdrawals. For example, when it is not practicable to calculate the unit price of a fund or sell its assets.

SECTION 3

Description of your investment options

Defensive	Conservative	Moderate
<p>The objective of the Defensive Fund is to provide a stable investment for you over the short-term. This fund is useful if you plan to withdraw your KiwiSaver funds within the next 12 months and need certainty of the amount you intend to withdraw, like for a deposit on a first home. The Defensive Fund invests in fixed income and cash securities. ^ Volatility is likely to be the lowest of the funds.</p>	<p>The objective of the Conservative Fund is to provide a conservative investment return through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Defensive Fund but lower than the Moderate Fund.</p>	<p>The objective of the Moderate Fund is to provide a moderate investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Conservative Fund but lower than the Balanced Fund.</p> <p><i>Note: This fund was formerly known as Conservative Fund, but was renamed on 16 May 2022.</i></p>
<p>Asset allocation</p> <p>100% Income 0% Growth</p>	<p>Asset allocation</p> <p>80% Income 20% Growth</p>	<p>Asset allocation</p> <p>60% Income 40% Growth</p>
<p>Target investment mix</p>	<p>Target investment mix</p>	<p>Target investment mix</p>
<p>Risk Indicator¹</p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>	<p>Risk Indicator¹</p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>	<p>Risk Indicator¹</p> <p>1 2 3 4 5 6 7</p> <p>Low ← RISK/RETURN → High</p>
<p>Minimum recommended investment timeframe</p> <p>n/a</p>	<p>Minimum recommended investment timeframe</p> <p>2 years</p>	<p>Minimum recommended investment timeframe</p> <p>3 years</p>
<ul style="list-style-type: none"> ■ Cash 15% ■ Fixed income 85% ■ Property & Infrastructure 0% ■ Australasian 0% ■ International Equities 0% 	<ul style="list-style-type: none"> ■ Cash 5% ■ Fixed income 75% ■ Property & Infrastructure 6.75% ■ Australasian 6.75% ■ International Equities 6.5% 	<ul style="list-style-type: none"> ■ Cash 5% ■ Fixed income 55% ■ Property & Infrastructure 12% ■ Australasian 12% ■ International Equities 16%

^ See page 14 for more details.

¹ Market index returns for the 5 years to 31 March 2022 have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these are new funds), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

Balanced

The objective of the Balanced Fund is to provide a balanced investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Moderate Fund but lower than the Growth Fund.

Asset allocation

40% Income 60% Growth



Target investment mix



- Cash 5%
- Fixed income 35%
- Property & Infrastructure 15%
- Australasian 15%
- International Equities 30%

Risk Indicator¹



Minimum recommended investment timeframe

5 years

Growth

The objective of the Growth Fund is to provide a growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be higher than the Balanced Fund but lower than the Focused Growth Fund.

Asset allocation

20% Income 80% Growth



Target investment mix



- Cash 5%
- Fixed income 15%
- Property & Infrastructure 16.25%
- Australasian 16.25%
- International Equities 47.5%

Risk Indicator



Minimum recommended investment timeframe

7 years

Focused Growth

The objective of the Focused Growth Fund is to provide a higher growth investment return over the long-term through investment in a portfolio of actively managed cash, fixed interest, property and infrastructure assets, Australasian equities and international equities. ^ Volatility is likely to be the highest of the Funds.

Asset allocation

5% Income 95% Growth



Target investment mix



- Cash 5%
- Fixed income 0%
- Property & Infrastructure 15%
- Australasian 15%
- International Equities 65%

Risk Indicator



Minimum recommended investment timeframe

8 years

[^] See page 14 for more details.

¹ Market index returns for the 5 years to 31 March 2022 have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these are new funds), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

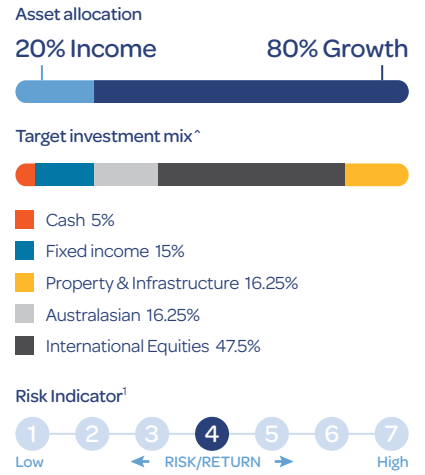
Stepping Stones

This investment option automatically invests your KiwiSaver savings in our funds based on your age and will reduce your risk as you get older.

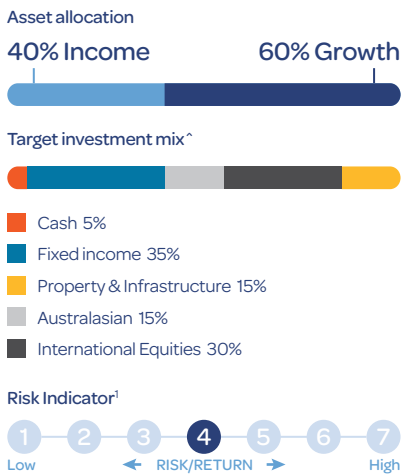
Stepping Stones 0-35yrs



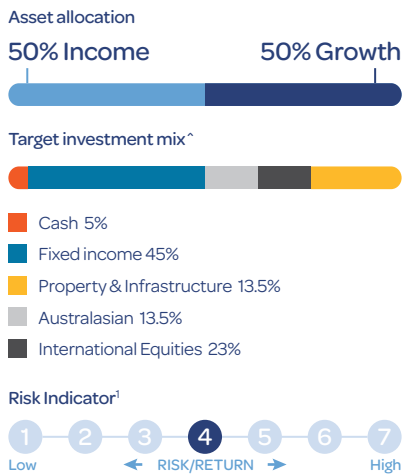
Stepping Stones 36-45yrs



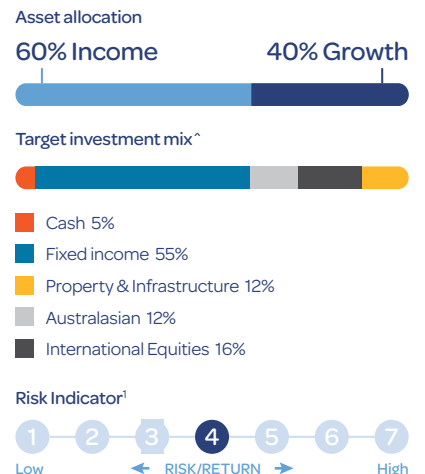
Stepping Stones 46-55yrs



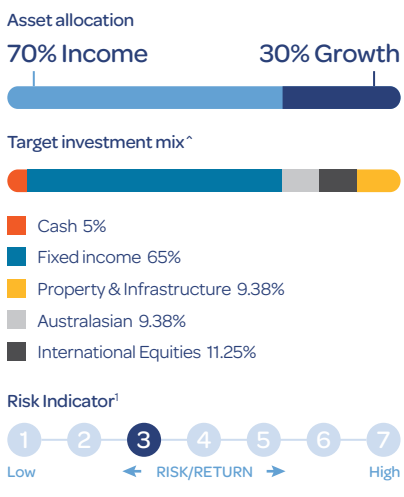
Stepping Stones 56-60yrs



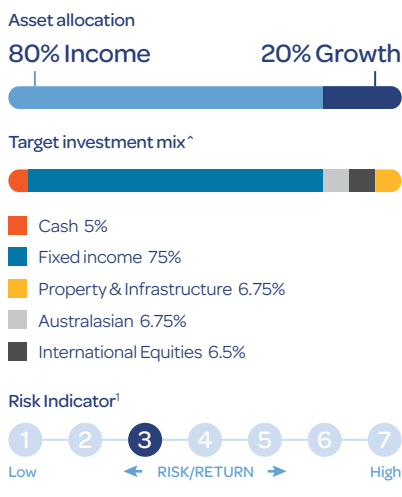
Stepping Stones 61-64yrs



Stepping Stones 65-75yrs



Stepping Stones 76+yrs

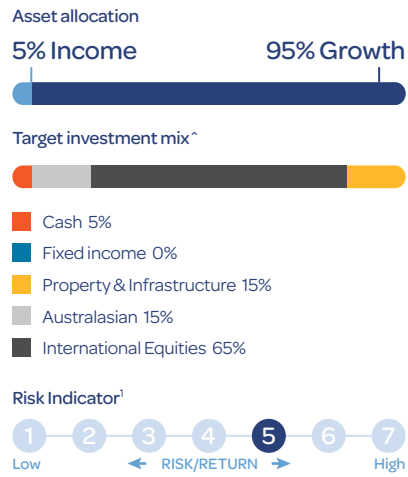


See the footnotes below the table on the following page.

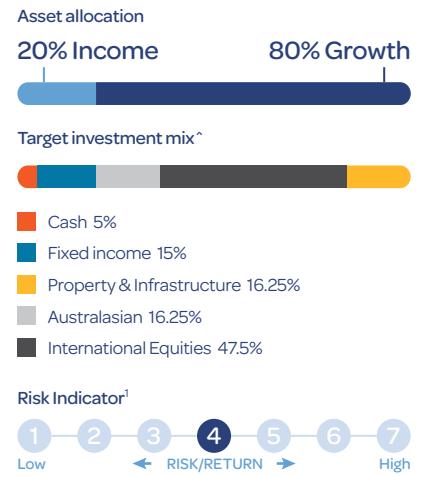
Stepping Stones Growth

This investment option works in the same way as Stepping Stones, but it will keep you invested in a higher proportion of growth assets for longer.

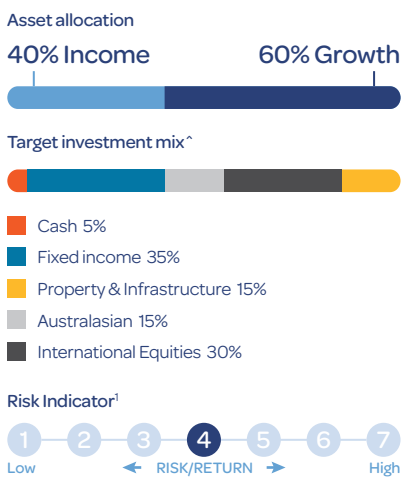
Stepping Stones Growth 0-50yrs



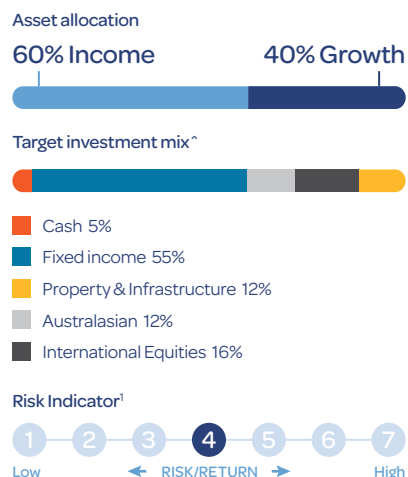
Stepping Stones Growth 51-55yrs



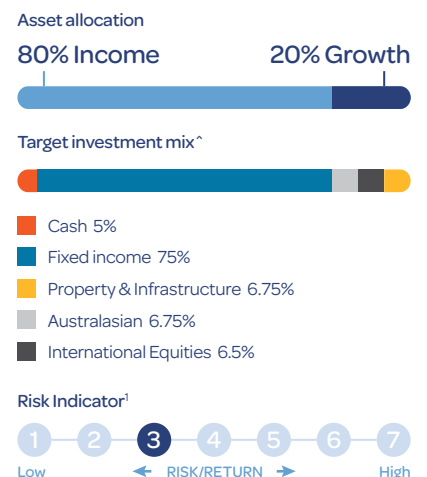
Stepping Stones Growth 56-60yrs



Stepping Stones Growth 61-75yrs



Stepping Stones Growth 76+yrs



^ For the split between funds see the table on page 5. Numbers may not add to 100% due to rounding.

¹ Market index returns for the 5 years to 31 March 2022 have been used to calculate the risk indicators for the Defensive, Conservative and Balanced Funds (as these are new funds), and for the Moderate Fund (as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy). This means that the risk indicators for these Funds do not reflect the actual returns and may provide a less reliable indicator of the potential future volatility of the Funds. See section 4 for more information.

The tables on the previous pages are an explanation of which fund you will be invested into at which age for each of the Stepping Stones options.

Target investment mix

Each fund has a long-term target investment mix. The actual investment mix will vary from the target investment mix as we pursue tactical investment opportunities, or as we seek to protect asset values in periods of market volatility. For further information about the funds' investment activities see the SIPO on the Disclose Register.

Income assets

Cash and fixed interest assets are referred to as income assets because they generate income in the form of interest payments. Income assets are typically less volatile than growth assets, so while the returns will go up and down (and be negative at times) they won't usually move to the same degree as growth assets. Over the long-term, income assets will usually provide lower returns than growth assets.

Growth assets

Equities and property and infrastructure are referred to as growth assets because they have greater potential to achieve capital growth over the medium to long-term than income assets. They also involve more risk. Typically, the returns of growth assets will fluctuate more than income assets, and growth assets are more likely to experience periods of negative returns.

Australasian equities are predominantly made up of listed securities on the NZX and ASX.

International equities are made up of third party underlying funds that invest predominantly in equities and direct investment (i.e. holdings that are held directly rather than indirectly, by the relevant wholesale funds managed by us), in international stocks. However, the Defensive, Conservative and Moderate Funds will not invest in third party underlying funds. See the SIPO for more information.

Currency exposure

Foreign currency exposures for equities are typically 50% hedged. For more details on our currency strategy, see the SIPO.

Changes to the SIPO

We regularly review our SIPO. We may change the SIPO at any time with the approval of our Investment Committee. Any changes to the SIPO will be advised to the Supervisor prior to taking effect and then lodged on the Disclose Register within five business days of the change taking effect. Material changes will be advised in the annual report.

Further information about the assets in the funds can be found in the fund updates at [generatewealth.co.nz/fund-updates](https://www.generatewealth.co.nz/fund-updates).

SECTION 4

What are the risks of investing?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



See section 3 “*Description of your investment options*” for the risk indicators which have been calculated for the Scheme.

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 (volatility). 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 generatewealth.co.nz/survey.

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading ‘Other specific risks’) that are not captured by this rating.

This risk indicator is not a guarantee of a fund’s future performance. The risk indicator for the Growth and Focused Growth Fund is based on the returns data for the five years ending 31 March 2022. The risk indicator for the Defensive, Conservative and Balanced Funds is based on market index returns from the five years to 31 March 2022 as these are new funds as is the risk indicator for the Moderate Fund as the investment policy has changed significantly and its returns before the change would not reflect its current investment policy. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund updates for the funds.

General investment risks

Some of the things that may cause a fund’s value to move up or down, which affect the risk indicator, are:

Equity risk

The funds invest in different classes of assets, each with different risks attached to them. Funds that invest in shares will generally have higher levels of risk attached to them. For all assets there is the risk that the asset will not perform to the target rate of return and your returns will be lower than anticipated (or even negative for a period of time).

Tax and regulatory risk

Changes in the tax rates and tax rules of New Zealand and in countries in which investments are made by the funds could adversely affect your investment. In addition, changes to the KiwiSaver regime and government incentives could adversely affect your investment.

Market risk

Investment markets are affected by a range of factors including economic, political, market, regulatory, taxation, environmental and technological conditions in New Zealand and internationally that impact share prices, property and infrastructure values or interest rates.

Liquidity risk

If the assets of a fund become illiquid then the fund may be unable to sell those assets which would affect that fund’s ability to make payments on time.

Derivatives risk

Derivatives may be used as a risk management tool by the funds and third party underlying funds and as an alternative to investing in a physical asset by the underlying funds. Derivatives may not perform as expected and may result in increased volatility and unexpected gains or losses.

Other specific risks

Underlying fund risk

The Funds (except the Defensive, Moderate and Conservative Fund) invest in third party underlying funds.

Some of the underlying assets that these funds invest into may also use commodities, derivatives, currencies, fixed interest and other securities to help them achieve their investment strategies. Most third party managers are able to suspend withdrawals from their funds in limited circumstances. This could result in the funds being unable to make payments on time.

Foreign exchange risk

When the funds invest in international investments foreign currency movements could affect the investment performance of the funds. We actively manage the Foreign Exchange Risk and typically enter into foreign exchange transactions, a practice known as ‘hedging’.

For more information on the risks of investing in the Scheme, see the OMI.

SECTION 5

What are the fees?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. If Generate invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long-term;
- one-off fees (currently none).

Summary of regular charges

FEE	DEFENSIVE FUND	CONSERVATIVE FUND	MODERATE FUND	BALANCED FUND	GROWTH FUND	FOCUSED GROWTH FUND
Base fund management fee	0.791%	1.091%	1.141%	1.191%	1.191%	1.191%
Third party underlying fund base fees*	0.000%	0.000%	0.000%	0.062%	0.099%	0.137%
Third party performance fees*	0.000%	0.000%	0.000%	0.003%	0.005%	0.007%
Annual fund charges as a % of Net Asset Value (NAV)*^	0.79%	1.09%	1.14%	1.26%	1.30%	1.33%
Administration fee	\$36 per member per annum					

* Estimates

^ Rounded to 2 decimals

Base fund management fee

We perform management services for the Scheme. The fee for these services is based on the net asset value of the fund and varies across the funds as set out in the table above. The fee is calculated daily and paid to us each month. It reduces each fund's unit price.

Administration and other charges included in the Base fund management fee

(i) Supervisor fees

The supervisor charges a fee for its supervisor and custodial services as agreed between the Manager and the Supervisor. The fee is the same no matter which fund or funds you invest in. The supervisor's fee is calculated daily and paid to the supervisor each month. The supervisor may also be paid additional fees for non-routine matters, as the supervisor and the manager may agree from time to time. Such fees reduce each fund's unit price.

(ii) Operating and administration expenses

Operating and administration expenses (such as auditing and legal expenses, postage, and other expenses) will be incurred to operate the Scheme.

Bank charges, currency conversion fees and, where applicable, tax will be deducted from amounts transferred from foreign superannuation schemes before they are converted into units.

Third party underlying fund fees

The Funds' assets are held indirectly via certain wholesale funds managed by us. We do not charge any additional fees in relation to those wholesale funds.

However, the Funds (except the Defensive, Moderate and Conservative Fund) invest (via the relevant wholesale funds) into third party underlying funds.

Most of the managers of these funds will charge fees for investing the Scheme's money and may change the fees they charge from time to time. These fees will affect the value of these funds' investments and will be reflected in the relevant fund's unit price. The underlying funds' fees will differ depending on the products into which we decide to invest.

There are two types of fees charged by third party underlying managers:

(i) Base fees

The underlying funds' base fees provided in the summary of regular charges reflect the total estimated charges for the management fees from the underlying funds.

(ii) Performance fees

The underlying funds' performance fees provided in the summary of regular charges reflect the total estimated charges for performance fees from the underlying funds.

Administration fee

We have delegated the performance of certain administration management functions for the Scheme (including registry) to MMC Limited (**MMC**). We and MMC are reimbursed from the Scheme's assets for the day-to-day administration of members' balances and for maintaining the member register for the Scheme. Currently the fee is \$36 per member per year paid monthly in arrears (\$3 per member per month). This is a Scheme fee and not a per fund fee, therefore you will pay the same fee no matter how many funds you are invested into.

Advice charge

If you join the Scheme, we will pay commission or salary (but not both) to our Nominated Representatives, or commission to third party advisers (where you have used one), for introducing you to us and for any advice provided to you. The amount we pay to our Nominated Representatives is set out in the FAP Disclosure Statement. We pay these costs from the revenue we receive from the fees you pay to us.

'Stepping Stones' and 'Stepping Stones Growth'

If you choose either the 'Stepping Stones' or 'Stepping Stones Growth' investment option you will pay the fees applicable to the funds you are automatically invested into. There are no additional fees for being invested in either of the Stepping Stones options.

Fees are exclusive of GST where applicable.

We can charge other fees on an individual basis for investor specific decisions or actions, such as entry or exit fees. However, no such fees are currently charged.

Example of how fees apply to an investor

Hannah invests \$10,000 in the Growth Fund. She is not charged an establishment fee or a contribution fee.

This means the starting value of her investment is \$10,000. She is charged management and administration fees, which work out to about \$130 (1.30% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Over the next year, Hannah pays other charges of \$36.

Estimated total fees for the first year

Fund charges: \$130

Other charges: \$36

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Growth Fund. If you are considering investing in other funds or investment options in the Scheme, this example may not be representative of the actual fees you may be charged.

The fees can be changed

We may agree with the Supervisor to vary the fees from time to time. Fees not currently charged, may also be introduced at any time as permitted by the trust deed. However, any changes in fees will be subject to the 'reasonable fees' restrictions outlined in the KiwiSaver Act.

We must publish a fund update for each fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at generatewealth.co.nz/fund-updates.

SECTION 6

What taxes will you pay?

The Scheme is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (**PIR**).

To determine your PIR go to ird.govt.nz/pir. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell us your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied.

If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

SECTION 7

Who is involved?

About Generate Investment Management Limited

Generate Investment Management Limited is the manager of the Scheme.

Our registered office is:

Level 9, Jarden House
21 Queen Street
Auckland 1010
New Zealand

You can contact us by:

Calling us on 0800 855 322

Emailing us at info@generatekiwisaver.co.nz

Mailing us at:

PO Box 91609
Victoria Street West
Auckland 1142

Who else is involved?

NAME	PARTY	ROLE
Supervisor	Public Trust	Supervising us under the FMCA. Oversees us as the manager of the funds.
Custodian	Generate KiwiSaver Public Trust Nominee Limited, a subsidiary of Public Trust	Holds the assets of the Scheme on trust, independently from us as manager.
Administration manager	MMC Limited	Provides administrative and back office services to us as manager.

SECTION 8

How to complain

If you have any issues or concerns about your investment, you can:

Call us on 0800 855 322

Email us at info@generatekiwisaver.co.nz

Write to us at:
PO Box 91609
Victoria Street West
Auckland 1142

If for any reason we can't resolve the matter, you can contact:

The Supervisor

Call 0800 371 471

Write to:
Public Trust
Client Services Manager, Corporate Trustee Services
SAP Tower, Level 16,
151 Queen Street
Auckland 1010
Private Bag 5902
Wellington 6140

If we or the Supervisor are unable to resolve your complaint, you may contact our external dispute resolution scheme.

We are members of the Financial Services Complaints Limited Scheme (**FSCL**).

Financial Services Complaints Limited
Level 4
101 Lambton Quay
PO Box 5697
Wellington 6145

Call 0800 347 257

Email complaints@fscl.org.nz

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

SECTION 9

Where you can find more information

Further information relating to the Scheme and membership of the Scheme, including financial statements, is available on the offer register and the scheme register which can be found at business.govt.nz/disclose. A copy of the information on the offer register and the scheme register is available on request to the Registrar of Financial Service Providers. They are also available on request from the Manager at no charge.

Fund updates are available at generatewealth.co.nz/fund-updates or on request to us in writing or by telephone. The information is available free of charge.

SECTION 10

How to apply

You can apply online at generatewealth.co.nz/join/kiwisaver. Make sure to follow the instructions and have the necessary information on hand. Alternatively, you can fill out the application form at the back of this PDS. For members new to KiwiSaver who are under 16 years of age, both parents must sign the application form.

Notes

Generate[™]
Together.



GenerateKiwiSaver.co.nz