

Generate KiwiSaver Scheme

Annual Report for the period ended 31 March 2021



[GenerateKiwiSaver.co.nz](https://www.GenerateKiwiSaver.co.nz)



The logos shown represent some of the companies and fund managers the Generate KiwiSaver Scheme was invested in at the date of this document. As we are an active manager, investments are subject to change.

Annual Report for the period ended
31 MARCH 2021

Your Generate KiwiSaver Scheme

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Generate KiwiSaver Scheme Highlights

Responsible Investing and great performance

All three Generate funds continue to perform well for 3 year returns to 31 March 2021¹

In the latest Morningstar KiwiSaver Survey² to 31 March 2021:

- the Focused Growth Fund ranked 3rd in the multi-sector aggressive category for 3-year performance out of 11 funds returning 12.4% after fees vs the average of 11.2%. Over five years the fund ranked 3rd out of 11 funds returning 12.1% p.a.
- the Growth Fund ranked 4th in the multi-sector growth category for 3-year performance out of 27 funds returning 11.6% after fees vs the average of 10.2%. Over five years the fund ranked 5th out of 24 funds returning 10.7% p.a.
- the Conservative Fund ranked 1st in the multi-sector moderate category for 3-year performance out of 21 funds returning 7.5% after fees vs the average of 6.2%. Over five years the fund ranked 7th out of 19 funds returning 6% p.a.

Responsible Investment:

The Generate KiwiSaver Scheme became the cornerstone 'impact investor' in The Salvation Army Community Bond, and the first KiwiSaver provider to invest into community housing. 'Impact investments' are investments made with the intention of generating positive, measurable social and/or environmental impact alongside a positive financial return.

The \$20.6M investment – facilitated by Community Finance – will help create 118 new, warm, dry and secure houses for families and individuals without homes. The 5-year, fixed interest Salvation Army Bond yields 2.30% per annum, delivering members a sound investment return and the knowledge their investment is making a tangible social impact. Therefore members have been able to make a sound return whilst knowing their KiwiSaver savings are doing some good in the community.

Mindful Money ranks all our funds as some of the best for responsible investing

On the independent Mindful Money website the Generate KiwiSaver Scheme funds have the lowest, or some of the lowest, holdings of 'investments of concern'³ out of all diversified KiwiSaver funds (in each category Conservative, Moderate, Balanced, Growth, Aggressive).

Generate continues to be a signatory to the United Nations Principles for Responsible Investment (UNPRI). We are delighted to be able have taken these steps on behalf of members and your investments.

¹ © 2021 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'regulated financial advice' under New Zealand law has been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. For more information refer to our Financial Services Guide (AU) or Financial Advice Provider Disclosure Statement (NZ) at www.morningstar.com.au/s/fsg.pdf and www.morningstar.com.au/s/fapds.pdf. You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

² Morningstar KiwiSaver Survey March 2021. After fees returns do not take into consideration member fees paid in dollars. Generate charges \$36p.a. per member. Please see www.generatekiwisaver.co.nz/pds for Morningstar disclosures.

³ 'Investments of concern' include the following sectors: adult entertainment/pornography, alcohol, animal testing, fossil fuels, gambling, GMO's, human rights & environmental violations, palm oil, tobacco and weapons.

Awarded Gold Rating every year 2016 – 2021 by SuperRatings¹

In its unique value for money assessment SuperRatings has awarded Generate a Gold Rating every year from 2016 to 2021. The ratings methodology looks for KiwiSaver schemes that “offer the greater potential to maximise the retirement savings of its members in a well serviced, secure environment whilst offering suitable, well priced benefits such as member education and quality impartial financial advice”.

Our advisers scored 99% for customer satisfaction²

We’re proud to say that 99% of new Generate KiwiSaver Members surveyed rated our Generate advisers 4 or 5 out of 5 when asked: “Can you rate the experience out of 5 – with 1 being not very informative or helpful and 5 being really valuable information and a good use of my time”.

Proud to have provided simple and effective KiwiSaver advice to so many of our new members

We’re proud to be a New Zealand owned and operated KiwiSaver and investment specialists. We strive to deliver a great product and industry leading service to try to help you to make the most of your KiwiSaver account. Over the last six years we have led our industry with more than 90% of all new Generate KiwiSaver members speaking to an adviser before they join.

¹ The ratings issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings) for Generate KiwiSaver Scheme (‘Gold’ rating), are as of 14 October 2020. SuperRatings does not guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Ratings are general advice or class advice only and are not a personalised financial adviser service under the Financial Advisers Act 2008. Ratings have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. Refer to our Financial Services Guide (FSG) for more information at <https://www.superratings.com.au/important-documents/>. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings uses objective criteria and receives a fee for publishing awards. Visit [superratings.com.au](https://www.superratings.com.au) for ratings information and to access the full report. © 2020 SuperRatings. All rights reserved.

² Generate New Member Survey for FY21 responses from 1,857 new members (86% rate 5 and 13% rate 4).

Getting the most out of KiwiSaver and Generate

Make sure you log in to your account

The Generate online account continues to get great feedback from members. It has some important features that other KiwiSaver online accounts don't have, including showing you all of your direct investments, giving you transparency into what you're investing in. However, many Generate members have still not logged in to their online account... log in and take control of your KiwiSaver, know how it is progressing and where you're investing.

Fund choice – Conservative, Growth or Focused Growth

The difference between a conservative fund and a growth fund, over a lifetime, can be hundreds of thousands of dollars for your retirement. Things change in life so it's important to regularly check you are in the right fund. Use our online retirement savings calculator or contact your adviser to see if you're making the most of your KiwiSaver account.

www.generatekiwisaver.co.nz/survey

Government Contribution – the Government gives you \$521.43 every year

If you're eligible, the Government will contribute 50 cents for every dollar you contribute to your KiwiSaver account, up to a maximum of \$521.43 each year. If you can afford to contribute enough to get your Government Contribution you should. It doesn't matter if you're not working you can still contribute directly to the Scheme. If you are finding it hard to afford the one-off lump sum or life gets too busy to get it organised, consider setting up a direct debit of \$20 a week so you don't miss out on this generous benefit.

Contribution rates – 3%, 4%, 6%, 8% or 10% of your salary makes a huge difference

Once you have made the right fund choice the next best way to grow your KiwiSaver account is to increase your contribution rate. Again, the difference between 3%, 4%, 6%, 8% or 10% over a lifetime, can be hundreds of thousands of dollars for your retirement. If you can afford it, you really should consider increasing your contributions. See our website for more details or speak with your adviser.

Aussie Super – Worked in Australia?

If you like the performance and service of Generate consider bringing your Aussie Super back and investing it in your Generate KiwiSaver Scheme account. We don't charge any additional fees for this service so please give us a call. We're here to help!

Details of the Scheme

The Generate KiwiSaver Scheme (the “Scheme”) comprises three Funds and two life cycle investment options.

The Funds are the Conservative Fund, the Growth Fund and the Focused Growth Fund. The life cycle investment options are Stepping Stones and Stepping Stones Growth. This annual report for the Scheme covers the period 1 April 2020 to 31 March 2021.

The Scheme is a registered KiwiSaver scheme.

The Manager of the Scheme is Generate Investment Management Limited (“Generate”), who is also the investment manager of the Scheme.

For more information about our investment team, investment philosophy and historical investment returns please refer to our website www.generatekiwisaver.co.nz

The Supervisor of the Scheme is Public Trust (the “Supervisor”).

The current product disclosure statement for the Scheme is dated 1 March 2021 and is open for applications and available at www.generatekiwisaver.co.nz/pds

The 30 June 2021 quarterly fund update for each Fund is currently available at www.generatekiwisaver.co.nz/fund-updates

The latest financial statements and auditor’s report for the scheme for the financial year 1 April 2020 to 31 March 2021 were registered under the Financial Markets Conduct Act 2013 on 31 July 2021.

Information on contributions and Scheme participants

For the Year Ended 31 March 2021

Membership Summary

The table below sets out the changes in membership of the Scheme during the year.

MEMBERSHIP SUMMARY	Number of Members	Funds Under Management (\$)
Total members as at 1 April 2020	83,213 ¹	\$1,710,798,447
ADD		
New members to KiwiSaver	2,605	
Transferring from other KiwiSaver schemes	15,242	
Transferring from Australian Superannuation schemes	93	
Transferring from other retirement schemes	25	
LESS		
Retirement	178	
Death	55	
Transferring to an Australian Superannuation scheme	73	
Transfer out to other KiwiSaver schemes	2,694	
Other exits	194	
Members as at 31 March 2021	97,984²	\$2,693,923,321

¹ The number of members at the start of the year comprises 58,505 contributing members and 22,753 non-contributing members.

² The number of members at the end of the year comprises 72,163 contributing members and 24,216 non-contributing members.

Contributions Summary

The table below sets out the contributions made to the Scheme during the year.

CONTRIBUTION SOURCE	Number of Members	Amount (\$)
Member contributions	69,671	\$165,192,397
Employer contributions	69,412	\$95,898,580
Crown contributions	76,494	\$30,995,692
Lump sum contributions	14,853	\$53,668,343
Other voluntary contributions	24,214	\$2,117,300
Transfers from other retirement schemes	25	\$1,195,070
Transfers in from other KiwiSaver schemes	15,242	\$343,895,533
Transfers in from Australian Superannuation schemes	93	\$3,865,825

Changes relating to the Scheme

The following is a summary of material changes relating to the Scheme made during the year ended 31 March 2021.

Governing Document

During the accounting period the trust deed was amended in December 2020 in order to align with the Trusts Act 2019.

Terms of the offer of interests in the Scheme

There have been no material changes to the terms of offer of interests during the accounting period.

Statement of Investment Policy and Objectives

There were no material changes to the SIPO during the accounting period.

Related Party Transactions

All related party transactions with the Scheme were on arm's length terms. There were no material changes to the nature or scale of the Scheme's related party transactions.

The most recent versions of these documents are available at www.generatekiwisaver.co.nz and on the Disclose Register at www.companiesoffice.govt.nz/disclose

The Scheme SIPO is available at www.generatekiwisaver.co.nz/forms-and-downloads

Other information for particular types of managed funds

Withdrawals

The table below sets out the withdrawals from the Scheme during the year.

WITHDRAWAL SUMMARY	Number of Members
First home	2,316
Retirement	577
Death	55
Transfer to other KiwiSaver schemes	2,694
Other payments	85
Significant financial hardship	737
Serious illness	98
Permanent emigration	39

Investment Performance

The unit prices of each of the Funds for the year ended 31 March 2021 were:

FUND	\$ Unit price on 31/03/20	\$ Unit price on 31/03/21
Conservative Fund	1.4157	1.5909
Growth Fund	1.6519	2.0986
Focused Growth Fund	1.7314	2.2476

*Past performance is not necessarily an indicator of future performance. No returns are guaranteed or assured by any person.

Returns and the current unit prices are available at www.generatekiwisaver.co.nz

Manager's Statement

Generate as the Manager of the Scheme confirms that for the year ended 31 March 2021:

All the benefits required to be paid from the Scheme in accordance with the terms of the Governing Document and the KiwiSaver scheme rules have been paid; and the market value of the Scheme property at the balance date equalled (or exceeded) the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the balance date.

Changes to persons involved in the Scheme

There were no changes to the manager, its directors, administration manager, investment manager, custodian, securities registrar or auditor of the scheme.

The following key personnel were appointed:

1. Nicholas Kynoch was appointed General Counsel;
2. Debbie Bourne was appointed Head of Compliance; and
3. Shane Hinton was appointed Head of Risk

Changes to the Board Members of the Supervisor Public Trust

During the period (1 April 2020 – 31 March 2021), there were no changes to the Public Trust Board.

How to find further information

Further information about the Scheme is available on the Disclose Register at: www.companiesoffice.govt.nz/disclose

The information on the Disclose Register is provided in two sections, under 'Schemes' and 'Offers'.

1. The 'Schemes' section includes information such as the Governing Document (Trust Deed), the financial statements and the SIPO.
2. The 'Offers' section includes information such as the product disclosure statement, quarterly fund updates, historic fund returns and other material information.

This information is also available on our website www.generatekiwisaver.co.nz or you can request it via email at info@generatekiwisaver.co.nz or Freephone on 0800 855 322. This information is provided at no charge to you.

Contact details and complaints

If you have any questions or complaints about your investment please contact us:

Compliance Officer
Generate Investment Management Limited
Level 9, Jarden House
21 Queen Street
Auckland Central
Auckland 1010

PO Box 91609
Victoria Street West
Auckland 1142

Freephone: 0800 855 322
Email: info@generatewealth.co.nz
Website: generatewealth.co.nz

You may also contact the Supervisor at:

Client Services Manager
Corporate Trustee Services
Public Trust
Level 9
34 Shortland Street
Auckland 1010

Freephone: 0800 371 471

If we or the Supervisor are unable to resolve your complaint, you may contact our external dispute resolution scheme. We are members of Financial Services Complaints Limited (FSCL). You can contact FSCL at:

Financial Services Complaints Limited
Level 4
101 Lambton Quay
Wellington 6011

PO Box 5967
Wellington 6140

Freephone: 0800 347 257
Email: complaints@fscl.org.nz

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

Full details of how to access the FSCL scheme can be obtained from its website fscl.org.nz.

You may contact the securities registrar at:

MMC Limited
Level 25, QBE Centre
125 Queen Street
Auckland 1010

Telephone: 09 309 8926

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Together.

**KiwiSaver**[™]
Poua he Oranga

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